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# South and East Asia Report

No. 974

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INDIA, NEPAL MAKE BREAKTHROUGH IN COOPERATION

New Delhi PATRIOT in English 23 Jan 81 p 5

[Text] India and Nepal have agreed to take specific and definite steps towards preparing a detailed project report for the Karnali project.

The committee on Karnali project which met in Kathmandu in 19-20 January, was significant is so far as it represented a breakthrough specifically in respect of the Karnali project and generally in respect of bilateral cooperation between the two countries in the area of water resources development.

Water Resources Secretary of Nepal P P Shah represented his country whereas India was represented by Energy and Power Secretary D V Kapoor.

Nepal would formally approached the UNDP and the World Bank for financing further investigations and studies required in preparing the report with India's full support and cooperation. [as published]

The Nepalese side fully reciprocated the Indian desire to have an integrated approach to various developmental proposals on the Karnali river.

It was specifically noted that 50 engineers out of a proposed 250 are already under training in Roorkee University as part of the programme, to prepare qualified engineers for the Karnali project, when it is taken up for implementation.

Energy and Power Secretary Kapoor called on the Prime Minister and Minister of Water Resources of Nepal apart from meeting other officials. He found considerable appreciation of India's approach in these matters.

CSO: 4220

CONTENTS OF GANDHI LETTER TO ZIA REPORTED

Calcutta THE STATESMAN in English 21 Jan 81 p 1

[Text]

NEW DELHI, Jan. 20—Early talks with Pakistan on the Kashmir issue, as reportedly proposed by President Zia-ul-Haq, are extremely unlikely. No formal proposal has yet been received by the Government, but talks on the Kashmir issue can only be held when other steps have been taken to improve the Indo-Pakistan relations, in terms of the Simla Agreement of 1972.

Under the agreement, Pakistan and India agreed to adopt a step-by-step approach to improve bilateral relations. They also agreed to avoid using sensitive issues, like Kashmir, for the purpose of propaganda. While some initiative has been taken to increase economic and cultural contacts, bilateral relations are still far from normal.

This was made clear by Mrs Gandhi in her letter to the Pakistani President on January 2, in which she said that "to create an atmosphere for the promotion of a friendly and harmonious relationship, we agreed that controversial and emotional issues, which had defied solution, would not be used for propaganda".

The letter added: "We would not ignore or downgrade these issues but would work step-by-step to create an atmosphere in which these issues could be decided rationally, logically and positively".

Mrs Gandhi also said that "this required a conscious decision not to interfere in each other's internal affairs to prevent hostile propaganda directed against each other and to encourage dissemination of such information as would promote the development of friendly relations".

As the Prime Minister stated in the letter, some initial steps have been taken to enlarge the areas of positive cooperation but for a long time "nothing substantial seems to have happened". Mrs Gandhi said India had taken the initiative in trade, economic cooperation, scientific and cultural exchanges and increased contacts between the two people for greater understanding. "We remain more than willing to respond to any positive measures to improve the contents of our relations", she added.

The letter also said "in Simla, the basic question to which we addressed ourselves was whether the interests of our two peoples must be contradictory or whether they could be complementary.

CSO: 4220

INCREASE IN TRADE, ECONOMIC TIES BETWEEN INDIA, INDONESIA

Kuala Lumpur BUSINESS TIMES in English 12 Jan 81 p 6

[Article by Sumanta Banerjee in New Delhi]

[Text]

ALTHOUGH India's recognition of the Vietnam-backed Heng Samrin regime of Kampuchea has been a big disappointment for Asean, it is not preventing India from improving trade and economic relations with Asean members.

The visit of Indonesian President Suharto to New Delhi in early December was an occasion for reviewing trade relations between the two countries and signing a new set of agreements for joint venture projects.

During official talks, Indonesia cleared 11 joint venture projects to be established by Indian entrepreneurs in Indonesia. These ventures will be in areas ranging from textiles and pharmaceuticals to iron and steel.

India already has joint ventures and projects totalling US$300 million in Indonesia. In all, there are some 34 ventures set up by Indians in Indonesia mainly dealing with textiles. There are also four units of metal fabricating industry.

It seems that after Malaysia, Indonesia will soon become the home of the largest number of Indian enterprises. Indian ventures in Indonesia employ about 7,500 local workers. Compared to the Japanese joint ventures in Indonesia (280-odd such ventures employing 46,000 Indonesian), the rate of absorption of Indonesian workers by Indian enterprises seems to quite high.

One of the highlights of the Indo-Indonesian economic relations in the near future is the proposed setting up of a thermal power plant in Indonesia in collaboration with Bharat Heavy Electricals — India's public sector electrical machinery-manufacturing concern. Another Indian government undertaking, Metallurgical and Engineering Consultants (India) Limited, has submitted a proposal to Jakarta for setting up a steel service centre in Indonesia.

India is also likely to supply iron pellets to Indonesia for the manufacture of steel at a plant to be set up with Indian technical assistance. Another Indo-Indonesian joint venture is the proposed cement plant with a 3,000 tons per day capacity.

Meanwhile, the present cement factory at Padangin in Indonesia is likely to be expanded with the help of the Project Equipment Corporation, another Indian government enterprise. The National Small Industries Corporation of India has also offered a proposal to Jakarta for setting up 78 small scale industries. Among other joint ventures are the proposals for establishing a paper factory and a sugar plant.

While the prospect of joint ventures seems to be quite promising, trade relations between India and Indonesia are highly skewed, the balance being more in favour of India than Indonesia. India is exporting more to Indonesia every year while the latter's exports to India are actually dwindling in value.

India's exports to Indonesia include a large number of items such as rice, sugar and honey, iron and steel, machinery, minerals, textiles, oil seeds and other commodities. Indian imports from Indonesia, on the other hand, are very few, like spices, vegetable oil, chemicals and related products.

The value of India's total imports form Indonesia has gone down from about US$228.8 million in 1977-78 to a little over US$38 million. During the same period, India has been able to push up its exports to Indonesia from US$68 million to US$189 million.

During the recent talks in New Delhi, officials of both countries explored possibilities of turning the trade balance in Indonesia's favour.

But thanks to the oil crisis generated in the wake of the Iran-Iraq war, Indonesia can now have an edge over India in trade relations. New Delhi has approached Indonesia to help India meet the shortfall in oil imports resulting from the war.

The latest spurt in Indo-Indonesian relations is not new. Historically they go back to the 1 AD when Indian traders and religious teachers visited Java and Bali to trade in gold, sandalwood and spices and bring their religions — Buddhism and Hinduism — to the country.

In later days, India lent support to the Indonesian struggle for independence and to defend it.

To quote from President Suharto's speech in New Delhi: "In the minds of Indonesian people is embedded gratitude for the sincere support and solidarity offered by India to us during the difficult period of our struggle to defend national independence in 1948."

In the first half of the 1960s, relations between the two countries reached a low ebb. At that time, then Indonesian President Sukarno supported China and Pakistan in their border wars with India.

In the new context of a resurgence in the role of non-aligned nations in the world today, the increasing range in Indo-Indonesian relations is reminiscent to many Indian political observers of the Bandung days of 1960 when both India and Indonesia played an important role in bringing together the non-aligned nations and asserting their vote in international politics. During their talks in Delhi, President Suharto and Mrs Indira Gandhi agreed to work in close cooperation during the non-aligned meet to be held in Delhi in February 1981. — Depthnews

CSO: 4220

OVER-FISHING, POLLUTION THREATEN LIVELIHOOD OF MILLIONS

Kuala Lumpur BUSINESS TIMES in English 8 Jan 81 p 6

[Article by Ken Laidlaw]

[Text]

A JAPANESE research team has delivered a hard-hitting attack on the effects of Japanese industry in South-East Asia and the South Pacific.

The researchers, from Pacific Asian Resource Centre (PARC) in Tokyo, have just completed a two-year study. Their report warns that unless urgent action is taken, industrial pollution and the operations of large Japanese fishing companies will endanger the livelihood of millions of people.

A recent estimate puts the loss of fish in the Gulf of Thailand alone, from over-fishing and industrial pollution, at some 150,000 tons a year. According to the PARC report, Japanese companies are the main culprit.

Since the end of the Second World War, industrial development at home has been Japan's first priority. Japan's own shoreline has been transformed by land reclamation and coastal industries. The wastes discharged from these factories have now destroyed most of the rich fishing grounds along the Japanese coast.

With the loss of its own resources, the Japanese fishing industry has been forced into the rich waters of South East Asia and the South Pacific in order to provide for the hungry home market.

The expansion of Japanese fishing operations has been matched by the spread of Japanese industrial subsidiaries throughout Asia. Concerned about the growing pollution of home waters, the Japanese government has introduced some stringent controls.

Many Asian countries, eager for industrial development, are less strict. So Japanese companies have been "exporting pollution" to their less-developed neighbours.

In most of these countries — India, Malaysia, Thailand, Indonesia and the Philippines — the interests of the local communities who subsist by fishing the shallow coastal waters are low on the list of government priorities. Offers from Japanese companies of industrialisation and foreign exchange from large-scale fish exports are more attractive.

The Japanese researchers from PARC give examples of Japanese companies directly threatening the livelihood of small-scale fishermen. One instance involves the Thai Asahi Caustic Soda Company, established in 1964 as a joint Thai/Japanese enterprise. The company manufactures caustic soda and chlorine products, and is a subsidiary of the Mitsubishi group.

The factory, 17 miles from Bangkok discharges caustic soda, hydrochloric acid and mercury wastes into the Caho Phraya, Thailand's largest river. Fish caught in this river near the factory showed alarmingly high mercury levels — up to 3.6 parts per million.

Pressure from the local people led to a government investigation, which revealed that the company was also taking waste out by boat each day and dumping it in the Gulf of Thailand. The effluent dumped at sea contained cyanide and mercury, and had a salinity level five times that of sea water. Fish coming into immediate contact with the dumped waste would be killed within two minutes.

The Pacific appears to be in less danger. "The South Pacific, studded with reefs, is azure and beautiful," says the report. "Disruption of the

environment — reclamation, and the destruction of natural scenery — is not yet found there."

Unlike South-East Asia, inshore fishing in the South Pacific is not well developed. Only in Fiji are there communities which rely entirely on fishing. In Western Samoa, little more than a third of the demand for fish is met by local supply, the rest has to be imported.

Although efforts are being made to promote inshore fishing, most South Pacific governments have given priority to offshore fishing for tuna and skipjack. These fish are potentially big revenue-earners: the South Pacific is one of the best tuna and skipjack grounds in the world.

Japanese, American, Taiwanese and South Korean boats have been fishing these waters for many years. But recently, Japanese companies have begun to enter into joint venture agreements with South Pacific governments, ostensibly for the purpose of developing local fisheries.

In 1973, Taiyo Fisheries of Japan established Solomon-Taiyo as a joint venture with the government of the Solomon Islands. The company holds exclusive rights to fish tuna and skipjack near the Solomon Islands. The catch is frozen and canned at two bases on the islands.

At one of these, on Tulagi, 99 per cent of all the skipjack processed is exported — mainly to Japan, the US and Europe — leaving only one fish in 100 to be eaten locally. In 1977, fish accounted for one third of the Solomon Islands' export earnings.

In Fiji, the Japanese company C. Itoh and Company have built the joint-venture PAFCO canning factory on the island of Ovalau. It now produces 30 tons of canned fish a day, and 98 per cent of this is for export. "Tuna is too expensive for local people to buy," says the Japanese president of Fiji's state fishing corporation.

The PARC report admits that, since local fishing is still of only minor importance in the South Pacific, there is no direct conflict with the Japanese offshore fishing operations. It can be argued that by helping to increase revenue and provide employment, Japanese operations in the area are boosting local economies. But the report questions the motives behind the Japanese fishing companies' advance into the South Pacific.

Tuna and skipjack are caught in such quantities that local fish stocks may suffer serious depletion. "Are the Japanese firms paying attention to the preservation of local resources?" asks the report. "Are they going to stay in the South Pacific after their rampant operations have exhausted local fish resources?"

PARC's research has shown that the operations of Japanese fishing companies have not led to the development of the local fishing industry or fishing technology. In fact, the Japanese joint ventures look more like quick-profit operations than a long-term commitment to help develop South Pacific fisheries.

"Capitalist fishing never hesitates to destroy the environment and exhaust resources," charges the PARC report. "Fishing technology of this nature never serves the interests of the countries which are now developing their fisheries." — Earthscan

CSO: 4220

PRESIDENT, PRIME MINISTER GREET SENEGAL LEADERS

Dacca THE BANGLADESH OBSERVER in English 4 Jan 81 pp 1, 12

[Text] President Ziaur Rahman has greeted Mr. Abdou Diout on his assumption of the office of President of the Republic of Senegal, reports ENA.

In a message to Mr. Diout President Zia said: "On behalf of the Government and the people of Bangladesh and on my own behalf, I have great pleasure in conveying to Your Excellency our warmest felicitations on your assumption of the high office of the President of the Republic of Senegal. We sincerely hope that under Your Excellency's able leadership the people of Senegal will continue to move ahead along the path of progress and the fraternal relations between our two peoples be further widened and deepened.

I avail myself of this opportunity to convey my best wishes for your personal health and happiness and continued peace progress and prosperity for the friendly people of the Republic of Senegal."

PM Felicitates Thiam

Prime Minister Shah Azizur Rahman has agreeted Mr. Habin Thiam on his appointment as Prime Minister of Senegal.

In a message to Mr. Thiam, Shah Aziz said:

"Excellency, I have learnt with great pleasure about [illegible] appointment as the Prime Minister of the Republic of Senegal. On behalf of the Government and the People of Bangladesh and on my own behalf, I wish to convey to Your Excellency our warmest felicitations. We hope that the fraternal relations so happily existing between our two countries will be further strengthened in the years ahead.

"I avail myself of this opportunity to extend to Your Excellency our very best wishes for your personal health, long life and happiness and for the continued peace, progress and prosperity of the brotherly people of Senegal.

CSO: 4220

## PRESIDENT ZIA SPEAKS ON POLICE ANNIVERSARY

Dacca THE BANGLADESH OBSERVER in English 6 Jan 81 pp 1, 12

[Excerpt] President Ziaur Rahman on Monday told the police personnel to stand by the people as their friends, servants and assist them in their hour of distress. He also told them to ensure a peaceful social atmosphere which he said, was a prerequisite for building a strong economic infrastructure.

Addressing the police personnel on the occasion of the annual parade at Rajarbagh, the President said that the implementation of the peaceful revolution now taking place throughout the country was aimed at ensuring a happy prosperous and peaceful life for the people. With this end in view the Government had taken steps to spread the development activities in each village and had adopted concrete programmes to implement the development plans with the help of Gram Sarkar formed in each village with the public representatives, he added.

Reminding the police personnel of their sacred duty to protect the life and property of the members of the public, the President said that the greater section of the police force was aware of this responsibility and hoped that the police force would always serve the people with honesty and dedication.

President Ziaur Rahman told the police personnel to win the confidence of the people through honest services. He said that service to the people during the colonial period was not the main objective of the police. Their principal objective during that period was to serve the interest of the colonial rulers, he added. But in the sovereign country, the President said maintenance of law and order and protection of the life and property of the people was the sacred duty of the police.

President regretted that a handful of police personnel who could never rise beyond their personal greed and narrow outlook had accentuated the sufferings of the weak and helpless public. These few police personnel, he said instead of checking corruption were committing crimes. For these few corrupt elements in the police forces people have lost their confidence in them, he said and added that unless these elements were eliminated from the police forces, the credibility gap between the police and the public would continue. He told the police personnel that there was no scope for them to betray the people as long as they would remain their protector.

The President admitted that the police personnel were working under various strains and assured them the Government would continue its efforts at improving the working condition of the police within its limited resources. But he told them that the nation expects sacrifice from them at the time when people were working on self-help basis to better their lot.

CSO: 4220

ZIA CONGRATULATES NE WIN ON BURMA'S NATIONAL DAY

Dacca THE BANGLADESH OBSERVER in English 4 Jan 81 p 1

[Text] President Ziaur Rahman on Saturday expressed the confidence that the deep bonds of friendship and cooperation between Bangladesh and Burma would be further strengthened in the years to come for the mutual benefit and prosperity of the two peoples, reports BSS.

Conveying his heartiest greetings and felicitations to President Ne Win on the occasion of the independence day of the socialist republic of the Union of Burma President Zia wished progress and prosperity for the friendly people of Burma.

President Zia said it is a matter of deep gratification that the relations between the countries had always been characterised by mutual trust, cordiality and understanding.

President Zia said that as immediate neighbours with many common aspirations and identity of interest the mutual trust, cordiality and understanding would continue to be consolidated in a wide variety of fields.

He conveyed his "very best wishes" for the health and happiness of President Ne Win.

Prime Minister Shah Azizur Rahman in a separate message conveyed his heartiest greetings and felicitations to Burmese Premier Maung Maung Kha.

Shah Aziz expressed the "firm-belief" that the existing cordial relations between Bangladesh and Burma would be further consolidated in the years to come.

Shah Aziz conveyed his best wishes for the good health and happiness of the Burmese Premier and wellbeing of the people of Burma.

Foreign Minister Prof. M. Shamsul Huq, felicitating his Burmese counterpart Mr. Lay Maung, expressed the hope that existing deep bonds of friendship between the two countries would be further consolidated for the mutual benefit of the two peoples.

Prof. Huq also conveyed his best wishes for the good health and happiness of Mr Lay Maung and wellbeing of the Burmese people.

CSO: 4220

PRESIDENT WELCOMES NEW MEMBERS TO NATIONALIST PARTY

Dacca THE BANGLADESH OBSERVER in English 5 Jan 81 p 1

[Text] President Ziaur Rahman on Sunday said that Bangladesh Nationalist Party was promisedbound to safeguard the independence and sovereignty of the country reports BSS.

The President, who heads the BNP, said that his party was a progressive one and had moorings in the people and soil of the country.

Welcoming political leaders and a large number of workers who joined the BNP on Sunday at a function at the Old Ganobhaban, President Zia said the organisation believed in Bangladeshi nationalism. The Bangladeshi Nationalism is not only a political ideal, it also incorporates economic and social programmes, he added.

The new-comers included former Awami League (Mizan) leaders Mr. Abidur Reza Khan Former MP from Shariatpur, Mr. Shamsul Huq, former MCA from Munshiganj and Mr. Ashraf Hossain former MP from Jamalpur and Mr. Tarani Kanta Sarker Al (Malek) leader of Madaripur and Peerzada Shah Din Mohammed chief of Jagodal.

About 1,000 workers of both the factions of Awami League and JSD and 500 workers of Jagodal also joined the BNP under their leadership.

President Zia said that his party which was a people oriented one was being organised at the grass-root level to implement its political, economic and social programmes.

He said that BNP aimed at uniting the people with the purpose of taking the country towards the path of progress and development.

Congratulating the new-comers, the BNP Chairman said that their joining would further strengthen and consolidate the party.

Besides, the leaders who joined on Sunday the function was also addressed by former Ministers Prof. Yusuf Ali and Mr. Sohrab Hossain.

Cabinet Ministers and party leaders were present on the occasion.

ENA adds: Addressing the gathering Prof. Yusuf Ali said the dynamic leadership of President Ziaur Rahman has impressed them and added that they are now optimistic about materialising the dreams of economic emancipation for the toiling masses under his leadership.

He said the people fought a bloody battle in 1971 to free their motherland from Pakistani occupation forces with a view to establishing an exploitation-free society. But their objectives were not translated into reality. The leadership now being provided by President Ziaur Rahman he hoped would make independence meaningful.

Mr. Abedur Reza Khan in his speech said he had joined the BNP imbued with the spirit of Bangladeshi nationalism.

Expressing his total commitment to the party ideals and full confidence in the leadership of President Ziaur Rahman, Mr. Reza said that he would put in his best to carry forward, the ideals of the party in the greater interest of the nation.

CSO: 4220

PRIME MINISTER ADDRESSES ISLAMIC CONFERENCE

Dacca THE BANGLADESH OBSERVER in English 4 Jan 81 pp 1, 12

[Text] Chittagong Jan. 3:--Prime Minister Shah Azizur Rahman today called upon the devotees of Islam all over the country to once again make the two lakh mosques of Bangladesh as the rallying forums of public opinion and as centres for socio-economic activities and pursuit of knowledge, reports BSS.

Recalling the past glories of Islam and the contributions of Muslim scholars to science and technology, medicine and agriculture, he said that those had become possible because the scholars carried on their research work in mosques.

The Prime Minister was addressing as chief gust an Islamic Conference at Gohira Islamic centre under Raozan Police Station, 118 miles from here.

The Deputy Speaker Mr. Sultan Ahmed Chowdhury, Col. (Retd) Oli Ahmed Birbikram MP, and Mr. Anisul Islam Mahmud, MP, also addressed the conference, Mr. Zahiruddin Khan, MP, presided.

The Prime Minister exhorted the people to participate fully in nation building activities like canal digging and mass literacy programme. He quoted Quranic injunctions that direct such participation. He said there is no dogmatism in Islam. Although the Islamic tenets have been followed by believers, this appeal is universal. As a complete and comprehensive code of human affairs, he added, Islam prescribes solutions and remedies for all political economic and social problems.

Shah Aziz said Islam has distinct socio-economic, legal and political system which is meant for all ages and all times. The dynamism in Islam has to be comprehended and explained to the people. He said adding that there can be no stragnation in the Islamic thought process.

The Prime Minister said during the Government of President Ziaur Rahman an Islamic atmosphere has been created, an Islamic fraternity which is our constitutional obligation has been stimulated. Under his enlightened leadership Bangladesh today has earned the love and esteem of all peoples from Indonesia to Morocco, Bangladesh, Shah Aziz said is better understood and appreciated than ever before.

The Deputy Speaker said that Quran is the fountain-head of guidelines for socio-economic progress and stability. In a world torn by conflicts and confrontations the Islamic ideology alone can reduce tension and ensure peace, he maintained.

Earlier the Prime Minister visited M.H.S. College in the city and addressed the students and teachers there. He also met a cross section of people and BNP workers at the circuit house.

CSO: 4220

BANGLADESH-UAE MINISTERIAL TALKS REPORTED

Dacca THE BANGLADESH OBSERVER in English 6 Jan 81 pp 1, 12

[Text] Mr. Mohammed Abdul Rahman al-Bakr, the UAE Minister for Justice, Islamic Affairs and Awqaf, on Monday said that cooperation in various fields between his country and Bangladesh would be increased.

Mr Bakr was talking to BSS before his departure for home at the conclusion of a week-long visit to Bangladesh.

During the visit the UAE--Minister had talks with the Religious Affairs Minister Mr Abdur Rahman for expansion of cooperation between the two fraternal countries in various fields including those or culture, education and religious affairs.

Mr Bakr termed the talks as "very fruitful" and added they would pave the way for increased bilateral cooperation in different fields.

The UAE off at the airport by Mr Abdur Rahman and the Bangladesh Ambassador in the UAE Mr Mohammad Mohsin.

The Ministerial level Bangladesh-UAE talks covering various fields subjects" were held in an atmosphere of utmost cordiality and understanding, Mr Siddiqur Rahman, the Secretary Ministry of Religious Affairs told BSS.

The two sides had "identity of views" on various bilateral and international issues he added.

The two sides he added, agreed to further intensify their bilateral cooperation in various fields in the coming days

The Bangladesh Minister Mr. Abdur Rahman said that the visit of his UAE counterpart "has been a matter of great happiness to us."

The two countries, he said are bound together by our common faith in Alah the almighty and the ideals of Islam.

Exchange of visits between the two countries will go along way in further strengthening the existing ties of brotherhood and understanding between the two peoples, both the Ministers said.

The two sides discussed the question of cooperation in the legal and judicial matters. They agreed that legal and judicial experts of the two countries would visit each other's country to exchange views to work out a common frame-work for cooperation in the fields.

The two sides also agreed to frequently exchange delegations on Islamic affairs for promoting closer cooperation in the field.

They discussed various governmental projects in the Islamic affairs field and the UAE delegation showed keen interest in them and assured their cooperation in the field.

The UAE Minister extended an invitation to his Bangladesh counterpart to pay a visit to his country. The Religious Affairs Minister Mr Abdur Rahman accepted his invitation.

CSO: 4220

UAE, DACCA RELIGIOUS AFFAIRS MINISTERS CONFER

Dacca THE BANGLADESH OBSERVER in English 4 Jan 81 pp 1, 12

[Text] The Religious Affairs Ministers of Bangladesh and the United Arab Emirates (UAE) have began their talks here on Saturday reiterating the two countries' desire to further strengthen their existing fraternal ties based on Islamic .

Mr. Mohammed Abdul Rahman Al-Bakr the UAE Minister for Justice, Religious Affairs and Awqal, and Mr. Abdur Rahman, the Religious Affairs Minister of Bangladesh are leading their respective sides at the talks.

At the end of Saturday's session an official source told BSS two sides discussed further increasing of bilateral cooperation in various fields in an atmosphere of "extreme cordiality".

The two Ministers agreed to exchange delegations frequently specially in the religious field for further consolidation of the fraternal understanding between Bangladesh and the UAE, the source said.

The UAE Minister, he added showed great interest in the programmes taken up by the government in the religious field.

The Bangladesh delegation at the talks included Mr. Mohammad Siddiqur Rahman, Secretary, Ministry of Religious Affairs and Mr. Abdul Qautum, a Director General in the foreign office.

The UAE delegation included Mr. Musabah Mohammed Al-Suweidi, Director, Ministry of Religious Affairs, Mr. Nasir Al-Sheikh Mansour, Director, Justice Affairs, Mr. Al-Tigani Al-Zubair Masaad, Legal Adviser and Mr. Abdullah Mohammed Al-Takawi, Charge d'Affaires of UAE Embassy in Dacca.

Earlier in the morning the UAE Minister called on the Religious Affairs Minister at his Secretariat office.

Closer Economic Cooperation Stressed

Bangladesh Foreign Minister and the visiting UAE Religious Affairs Minister on Saturday stressed the imperative need for closer economic cooperation among the Islamic countries for attaining self-sufficiency and self-reliance.

An original source told BSS that the need for greater solidarity among the Islamic countries was expressed when Mr. Mohammed Abdul Rahman Al-Bakr, the UAE Minister for Justice, Religious Affairs and Awqat called on Foreign Minister Prof. Muhammad Shamsul Huq at the Foreign Office.

Expressing satisfaction at the excellent bilateral relations between Bangladesh and the UAE, the two Ministers hoped that the existing brotherly ties would be further strengthened.

Prof. Huq and Mr. Bakr discussed some of the major issues on which the forthcoming Mecca summit conference of the Islamic conference would deliberate.

The two ministers shared the hope that the Mecca summit would come into grips with the major challenges facing the Islamic world in the backdrop of the current international situation.

They also hoped that the summit would adopt an appropriate action programme to foster unity and solidarity among the Islamic countries in the true Islamic spirit of universal brotherhood.

In this connection they agreed that closer economic cooperation among the Islamic countries was an imperative need of the hour to attain self-sufficiency and self-reliance.

Mr. Bakr said that all the Islamic countries including the UAE attached "great value" to the role of Bangladesh at the forum of Islamic conference.

Prof. Huq assured the UAE Minister of continuing cooperation of Bangladesh with the brotherly Islamic countries.

CSO: 4220

## AWAMI LEAGUE (MALEK) DISCUSSES ASSAM SITUATION

Dacca THE BANGLADESH OBSERVER in English 4 Jan 81 pp 1, 12

[Text] An emergency meeting of the Bangladesh Awami League (Malek) held on Friday reviewed the situation in the Indian state of Assam and expressed concern over the situation arising out of the foreigner's issue there. The meeting held that in the name of so called foreigner's issue nefarious activities were going on in Assam and Bangladesh Awami League can not remain silent on the issue. Because, the party resolution said, the Bengalees who lived there for decades can not be considered as foreigners. The meeting held that the violent and in human activities were a threat to the independence and sovereignty of Bangladesh. The Awami League termed the atrocities on the innocent people in the eastern Indian states contrary to the human rights.

The resolution further said that the Assam event was not an isolated one. It was part of the American and Chinese scheme to fulfil their 'imperialistic design'. Awami League condemned this imperialists' move and urged the peace loving people of the areas to resist such nefarious activities.

The meeting in another resolution condemned the Government for forfeiting the passport of the former Member of the Parliament Mr. Chittaranjan Sutar.

Awami League also paid rich tributes to the departed souls of the two martyrs who died in the struggle for the liberation of the Palestinian people.

CSO: 4220

## OFFICIAL STRESSES NEED FOR SKILLED MANPOWER

Dacca THE BANGLADESH TIMES in English 4 Jan 81 p 5

[Text] Chittagong, Jan. 3: Deputy Speaker Mr Sultan Ahmed Chowdhury said here on Friday that the Government had earmarked Tk. 75 crore for technical education for the Second Five-Year Plan periods reports BSS.

He was addressing the installation ceremony of the newly elected office-bearers of the Student Union of Chittagong Polytechnic Institute. Mr Fazal Karim Chairman Chittagong Pourasava attended the function as special guest.

Stressing the need for skilled manpower, the Deputy Speaker told the gathering that the country needed over 1,200 engineers, 6,000 technicians and 30,000 skilled workers annually to achieve the target of attaining self-sufficiency in food; consumer goods; transportation and meet the requirements of other sectors. At present the country is capable of producing 1,000 engineers, 2,500 technicians and 4,500 skilled workers annually, he added.

Mr Sultan Ahmed Chowdhury felicitated the newly elected office-bearers of the Student Union and urged them to give correct leadership. The new generation was the symbol of hopes and aspirations of the nation; he said and hoped that the youth would grow up as responsible citizens of the country so that they could successfully take up the future leadership.

CSO: 4220

LIST OF 'GENUINE' FREEDOM FIGHTERS PLANNED

Dacca THE BANGLADESH OBSERVER in English 4 Jan 81 pp 1, 12

[Text] Lt. General H.M. Ershad, Chief of Army Staff and Chairman of the National Committee for preparation of authentic list of freedom fighters and martyred freedom fighters on Saturday said that welfare to the freedom fighters would not be possible unless an authentic and correct list of them was available to the Government.

Addressing a Press conference at the Tennis complex the Chief of Army Staff said that it had become a necessity now to dispel doubts and misgivings from the public mind about the list and number of the genuine freedom fighters. He said that 20 lakh freedom fighters' certificate were issued by the past regime since 1972. Distribution of such huge number of certificates had created enough doubts in the public mind about the number of genuine freedom fighters he added. He also said many had obtained freedom fighters' certificates in the past though they were really not. By this way, many genuine freedom fighters were deprived of the facilities due to them, he added.

The General ruled out any political motive behind the preparation of authentic list of the freedom fighters. He said that the list was being prepared purely for the purpose of welfare of the freedom fighters.

He said that the committee had formulated some policies to obtain correct information of the freedom fighters. It had printed questionnaires which would be distributed throughout the country through the offices of the Circle Officers and other government agencies.

Stating the keen desire of the present Government to do welfare to the freedom fighters General Erchad said that the Government had formed a national committee to prepare an authentic list of them with the objective to help them and publish their names in the gazzette of the Government.

Paying his tribute to the contribution of the freedom fighters in the war of liberation, the Chief of Army Staff said that the freedom fighters were the pride of the nation. Negligence to them would mean dishonour to the nation, he added.

General Ershad said that the committee had also contacted all freedom fighters organisations in the country including the Bangladesh Muktijoddah Sangsad, the Muktijoddah Sanghati Parishad and sought their cooperation in preparing list and obtaining information about the real freedom fighters.

He hoped that the committee would be able to prepare an authentic list of the freedom fighters within next six months if cooperation and assistance were extended to it by the concerned persons and the organisations.

The committee, he said had evolved a definition of the freedom fighters. The definition of the freedom fighters as evolved would be, A) freedom fighters under K.S. and Z. forces trained in India and the naval commandos who and fought in the eleven sectors during the war of liberation excluding the regular forces and those subsequently included in the regular forces, B) Those worked as couriers, formed guerilla organisation and carried out operations and raids against the occupation forces. C) Those who had active role in Mujibnagar and played active part in favour of the war of liberation even from abroad.

General H.M. Ershad said that families of the martyred freedom fighters would also be given help. So far, he said 6000 families of martyred freedom fighters had applied for help to the Government. Only an authentic list of the freedom fighters and martyred freedom fighters would make it possible for the Government to provide assistance to them, he added.

The General sought cooperation from all concerned to prepare the list of the genuine freedom fighters.

CSO: 4220

## NEW RULES ON OVERSEAS WORKERS' MONEY TRANSACTIONS

Dacca THE BANGLADESH TIMES in English 3 Jan 81 pp 1, 8

[Text] Arrangements have been made for Bangladeshi wage earners in some foreign countries for sending remittances through purchase of bank drafts denominated in Taka against payment of foreign currencies.

The wage earners' rate is applied while issuing such bank drafts abroad, according to an announcement of the Bangladesh Bank on Friday. It is now open to the wage earners abroad to send remittances either in foreign currencies as before or in Taka drafts.

Taka drafts are being issued by the branches of Sonali Bank in the UK and the branches of Janata Bank in the UAE. Sonali Bank has also made arrangements for issue of Taka drafts through its correspondents namely, Messrs Al Rajji Co. for currency exchange and commerce Saudi Arabia and Messrs Omen Exchange Co., Kuwait, Arrangements are also there between Pabali Bank and Messrs Eastern Exchange and Financial Organisation Qatar, for issue of Taka drafts.

The Bangladesh Bank Press release added:

Hitherto the Bangladeshi wage earners abroad had been sending remittances to Bangladesh under the Wage Earners Scheme denominated in foreign currencies, namely, Pound Sterling and US dollar and the beneficiaries of these remittances used to get equivalent Taka amount after sale of the foreign currencies through daily auctions at Dacca, Chittagong or Sylbet or by bilateral negotiations. This involved delay as the beneficiaries could not get equivalent taka amount before the sale of the foreign currencies received the Taka equivalent to be received by the beneficiaries was also not certain as it depended on the daily auction rate.

So far as wage earners are concerned, however, taka drafts have certain obvious advantages over remittance in foreign currencies. In the case of a Taka draft the beneficiary immediately knows how much taka he will get and he will not have to wait for auction of funds to receive payment. What is more important a taka draft will be encashable at the branch of the bank on which it is drawn and as such the wage earners while sending remittance can choose the bank branch which will be nearest and most convenient to the beneficiary for encashment. For these advantages the beneficiaries in Bangladesh may advise the wage-earners abroad to make remittances under the new system of taka draft.

## Wage Earners' Bonds Introduced

The Council of Ministers meeting at Bangabhaban on Friday with Vice President Justice Abdus Sattar in the chair approved the scheme for issue of Wage Earners Development Bonds, it was learnt officially on Friday.

These bonds of the denomination of Tk 1000, Tk 5000 and Tk 10,000 will be salable to wage earners, have a maturity period of five years and will bear interest rate of 16 per cent with half yearly payments and over .23 per cent if drawn at maturity.

These bonds will be purchaseable in foreign exchange at IP rate either by the wage earner himself or his authoritied nominee by cash cheque, draft or through F C Account. One-time investment of Tk 25,000 and above will carry the additional benefit not exceeding Tk 2,50,000 at 30 per cent to 50 per cent of the invested amount to the nominee of the bond-holders at his death.

Both principal and interest arising out of these bonds are exempted from taxes. All Bangladeshi banks at home and abroad will be authorised to handle all matters relating to the proposed Wage Earners Development Bonds.

The scheme is being introduced in order to offer additional investment opportunities to wage earners and to relieve the present inflationary pressure arising out of speculation and unproductive investments in real estates and ornaments etc.

This scheme will provide a new facility to wage earners in addition to Wage Earners Scheme which will continue to operate at IP rate as usual.

CSO: 4220

## MERGER OF LEFTWING PEASANT BODIES ANNOUNCED

Dacca THE BANGLADESH OBSERVER in English 4 Jan 81 pp 1, 12

[Text] Haji Mohammad Danesh Convener of the Krishak Oikkya Moha Sammylan announced the merger of four left wing peasants organisations at a joint Press Conference of Chashi Samity, Krishak Sangram Samity Jatiya Krishak Federation and Krishak Mukti Samity held at a local hotel on Saturday.

Haji Danesh said that the new organisation styled as "Jaytiya Krishak Samity" was formed with the objective of organising the peasants for launching movements against Feudalism and Imperialism.

Haji Danesh mentioned that the Jatiya Krishak Samity would neither be a political party nor a component of a political party. This organisation will extend its support to all struggle against capitalism, feudalism, imperialism and all classes whose policies reflect the hopes and aspirations of the peasants and workers.

Haji Danesh alleged that the farmers were being oppressed and exploited under present feudal land system. He said that our peasants are now being deprived of getting their due prices out of cash crops. He also alleged that a section of people are grabbing the khas land, char land. In this context he said that the landless and poor peasants were not provided with these lands.

Haji Danesh observed that without the improvement of the lot of our peasants and agricultural system there would be no overall progress in social condition.

The Press conference was also addressed by Mr. Serajul Hossain Khan, Mr. Tipu Biswas and Mr. Bimal Biswas Mr Abdul Matin and other prominent peasant leaders were also present at the Press conference.

It was also announced that a Krishak Oikkya Sammylan would be held at Bera in Pabna district on March 14 and 15 next. A nine-member Sammylap Convening Committee was also formed with Haji Danesh as Convener.

CSO: 4220

NO STORAGE SPACE FOR BUMPER GRAIN CROP

Kuala Lumpur BUSINESS TIMES in English 12 Jan 81 p 6

[Article by Atiqul Alam in Dacca]

[Text]

BANGLADESH, a traditionally food deficit country, is facing a temporary grain glut for the first time in history following a bumper crop last year.

The government has requested Western donors to defer food supplies. More than 30 ships carrying nearly 200,000 tonnes of wheat, were recently waiting outside Chittagong port to unload their cargo.

Bangladesh is also negotiating export of cereals to Arab countries, including the United Arab Emirates (UAE) and Kuwait, to ease what government officials called an unforeseen pressure on warehouses.

The country's four large silos and 30 smaller warehouses are presently filled to capacity with 1.28 million tonnes of grains donated by the United States, other Western countries and the World Food Programme (WFP), which diverted some shipments because of the glut and storage difficulties.

"We have practically no space left to take the stock still in the pipeline," a Food Ministry official said.

Bangladesh needs annually 14.8 million tonnes of foodgrains to feed its 90 million people, according to the Agriculture Ministry.

Figures compiled by the WFP show that last years crop, mainly rice, was about that much — an increase of 2.8 million tonnes from the previous highest output five years earlier.

Current storage difficulties also result from a carry-over of 680,000 tonnes of wheat purchased from the world market in 1979 to stave off a possible famine following Bangladesh's worst drought in 40 years.

Bangladesh then also borrowed from India 200,000 tonnes of foodgrains, of which 80,000 tonnes have been repaid.

Some foreign aid officials argue that these purchases were not necessary, but others say the government had no alternative because the flow from donor countries at the time was inadequate to meet the demand.

Food Minister Abdul Momen Khan said the government could not have taken the risk of waiting for a famine to break out. "That could have stirred up an uncontrollable political upheaval, almost precipitating our overthrow," he said.

Mr Khan disagreed with a World Bank suggestion that in view of the glut and the country's ability to produce as much as it needs, food aid to Bangladesh should be reduced from its present level of 1.7 million tonnes a year.

Under the country's current five-year plan (1980-85), Bangladesh is to build enough warehouses to stock four million tonnes of grains. "That will be the time when we will go flat out for becoming one of the world's grain exporters," the Food Minister said.

President Ziaur Rahman said in an interview last year that his country's objective was to double foodgrain production. "The land can do it, and it will create several million new jobs," he said. — Reuter

CSO: 4220

## BRIEFS

HIGH COMMISSIONER DIES--The Government announced with profound sorrow the passing away of Mr M. Hussain Ali, Bangladesh High Commissioner in Canada at 0020 hours on Friday at Ottawa, reports BSS. The High Commissioner was not in good health for some time. In his death, the announcement said, the nation has lost a valiant freedom fighter, dedicated public servant and a true patriot. [Excerpt] [Dacca THE BANGLADESH TIMES in English 3 Jan 81 pp 1, 8]

RICE, WHEAT RATIONS--The Government has refixed the quota of rice and wheat in ration to be effective from today (Saturday) an official handout said on Friday reports BSS. Under the new government decision, 12 chhatack of rice and one seer and 12 chhatack of wheat would be allotted against one adult ration card. However, there will be no change in the quota of other commodities which are being supplied through ration card. The Government has refixed the quota of rice and wheat in ration in view of the increased supply of these commodities in the market and also because of the stability in their prices the handout said. [Text] [Dacca THE BANGLADESH TIMES in English 3 Jan 81 p 1]

STRANDED PAKISTANIS--The Dacca-based stranded Pakistanis on Friday brought out a procession in the city in support of their demand for early general repatriation. Meanwhile Mr M Nasim Khan, chief patron of the Stranded Pakistanis General Repatriation Committee continued his hunger strike for the second consecutive day at the bus passengers' shade near Jatiya Press Club. The processionists paraded the main thoroughfares of the city chanting slogans in favour of their demand. They stayed in front of the foreign office for about an hour before dispersing. In a Press release issued later in the evening, the action council of the Stranded Pakistanis General Repatriation Committee cautioned that it would go for its action programme which included self-immolation by fire if the Government of Pakistan did not take immediate steps to solve their problems. [Text] [Dacca THE BANGLADESH TIMES in English 3 Jan 81 p 8]

AMBASSADOR TO LEBANON--The Government has decided to accredited concurrently Mr. Humayun Kabir at present Bangladesh Ambassador in Teheran as Ambassador to Lebanon, according to an official announcement in Dacca on Sunday reports BSS. [Text] [Dacca THE BANGLADESH OBSERVER 5 Jan 81 p 1]

FOOD STORAGE WAREHOUSES--Chittagong, Jan. 3: Mr Aung Shwe Prue Choudhury, State Minister for Food on Friday said the 31 food godowns would be constructed in Chittagong Hill Tracts by June next reports BSS. He was laying the foundation stone of two foodgodowns at Aziznagar under Chittagong Hill Tracts. He said of the total 18 godowns would be of 500 tons capacity each while the rest would be of 250 tons capacity each. He said that food godowns would be constructed in each police station of Chittagong Hill Tracts district in the next few years. The Minister visited Bandarban on Thursday. He inaugurated Phinkhoyang Canal digging near Aziznagar. Speaking on the occasion he called upon the Hill Tracts people to co-operate with the Government in maintaining law and order in the area. He said that the government had been spending a huge amount for development of Chittagong Hill Tracts. [Text] [Dacca THE BANGLADESH TIMES in English 4 Jan 81 p 5]

AWAMI LEAGUE DEFECTION--Flight Sgt (Retd) Mofij Ullah, member of the National Committee of the Krishak League, peasants wing of Awami League (Malek) has joined the Bangladesh National 1g4so z Bangladesh National Party says a Press release signed by him on Monday. [Text] [Dacca THE BANGLADESH OBSERVER in English 6 Jan 81 p 1]

ISLAMIC BANK AID--Jeddah (Saudi Arabia) Jan. 5:--The Islamic Development Bank today approved trade financing totalling 198 million dollars including 20 million dollars to Bangladesh it was announced here today reports Reuter. The board of the bank at its meeting also approved 25 million dollars for Pakistan to import oil from Saudi Arabia. [Text] [Dacca THE BANGLADESH OBSERVER in English 6 Jan 81 p 1]

CSO: 4220

SULTAN OPENING DOOR TO TOURISTS

Kuala Lumpur BUSINESS TIMES in English 8 Jan 81 p 6

[Article by Reg Gration in Bandar Seri Begawan]

[Excerpts]

The ceremonial opening last month of the Sultan's wholly-nominated Legislative Council would have been a scene for holiday picture albums from Japan to the United States.

However, until now, Brunei, a tiny state of about 215,000 people on the north coast of the island of Borneo, has kept itself out of the tourists' reach, retaining its anonymity by its status as a British protected state and sheltering behind the billions it has earned from oil and gas.

But Britain's decision in 1979 to relinquish its defence and foreign affairs responsibilities at the end of 1983 has meant that South-East Asia's richest state has to prepare to meet the world.

Already the Sultan has appointed a British government adviser to help him establish a diplomatic service abroad, and in addition he is expected to open Brunei's doors to foreign diplomats.

With the onset of full independence, Brunei is also lifting its veil very gingerly to let the tourist peep in. The government, which certainly does not need the foreign exchange that tourism brings, published its first tourist brochure last year, though travel operators have since complained that it is difficult to get hold of and has to be paid for.

Until last month travel agents baulked at trying to bring in tourists because of the lack of accommodation. Bandar Seri Begawan, the state capital, had only two hotels, usually fully occupied by visiting businessmen and longer-stay expatriates.

But this situation has changed with the opening of a 116-room hotel in mid-December and the planned opening later this year of a 170-room Sheraton.

The first ever cruise ship with about 400 tourists on board stops off in Brunei this week and next month a tour party of Japanese will stay one night for a sightseeing tour.

What they will see is a land unique in Asia, a land of free health care and education, of no income tax, of no unemploymnt and with an estimated per capita annual income of more than US$24,500.

The more obvious trappings of Brunei's riches are difficult to miss. The buildings and the thousands of new cars, for example. The modern international airport near the capital with its imposing terminal building seems incongruous in a state with such a small population.

Bandar Seri Begawan's huge mosque with golden domes and minarets towers over the town. It was build for the state's majority Muslim Malay population in 1958 in marble and granite at a cost of US$18 million.

Also in Bandar Seri Begawan is probably the most spectacular memorial to the late Sir Winston Churchill, anywhere, even in Britain. The Churchill memorial, built in an arc shape behind a large statue of the British wartime leader, houses a library of his life history and was erected by Sir Hassanal's father when he was Sultan.

One third of next year's government spending will go on defence, some 480 million Brunei dollars (about M$506 million) for two battalions of the Royal Brunei Malay Regiment and the Royal Brunei Police. The Sultan himself pays the British government more than £1 million for a battalion of Gurkhas which he would clearly like to stay after independence to protect the state's 2,226 square miles (5,765 sq km).

More worrying will be the exodus of the 100 or so British officers on contract or loan service here.

As for Brunei's foreign relations, there has been speculation here that the state may formally apply to join the Association of South-East Asian Nations.

Wedged between the two prosperous East Malaysian states of Sabah and Sarawak, it would seem a logical move for Brunei. The state has recently drawn closer to Malaysia after several years of strained relations.

A Malaysian government minister said last month Malaysia would welcome Brunei's membership after it attains full independence. — Reuter

CSO: 4220

GANDHI SAID TO SEEK 'DYNAMISM' IN GOVERNMENT

G. K. Reddy Article

Madras THE HINDU in English 29 Jan 81 p 1

[Text] New Delhi, Jan. 28.

The Prime Minister, Mrs Indira Gandhi, is reported to be toying these days with several new ideas to infuse greater dynamism into her Government.

The accent now is not so much on bringing in new faces to improve the image of the Government as on prodding those already in pivotal positions to display more drive and imagination in coping with problems of public welfare.

Mrs. Gandhi wants her senior colleagues to be more receptive to new ideas, take calculated risks and try to learn through trial and error rather than adopt a fail-safe attitude for evading responsibility and delaying decisions to the point of becoming prisoners of their own immobilism.

The Prime Minister has lately been discouraging Ministers from running to her for advice even on routine matters without exercising their own judgment for taking well-considered decisions.

The habit has become so deeply ingrained that ascertaining her wishes or seeking her guidance has become a part of the political ritual of governance.

As Mrs. Gandhi sees it, one of the big problems of leadership today is not one of assembling the available talent for providing the country with a better government, but making those already ensconced in office shed some of the old habits of looking up to her for everything, ranging from dispensation of patronage to policy decisions.

Sad State of Affairs: The critics within the ruling party blame her, and also those around her, for this sad state of affairs, since she has tended to concentrate all power in her hands and often function more through her confidants than colleageus.

Whatever the real causes of this uneasy working relationship between the Prime Minister and her Cabinet colleagues, Mrs. Gandhi is now taking steps to encourage Ministers to think and come forward with well-formulated suggestions before wanting to know what her own thinking was on impending decisions.

She realises that a good bit of confusion could be avoided by clearly defining the various levels of decision-making processes and adhering to them.

At present many important people outside the Government who have some suggestions to make on how a particular problem could be tackled prefer to convey their views directly to Mrs. Gandhi without discussing the ideas with the Ministers concerned first.

The Ministers are told what she chooses to tell them and they are not generally aware of the origins of the suggestions, the motivations of those sponsoring them or the channels through which the suggestions have been conveyed to her.

All sorts of suggestions: When the Budget exercise is in final stages, the Prime Minister gets inundated with all sorts of suggestions on how the economic situation could be improved or the taxation system made more equitable. The political channels are often used to get the ideas across to Mrs. Gandhi without going through the Finance Ministry and other agencies of Government.

A good many well-meaning propositions end up as non-starters because there is always an in-built resistance to go along with a suggestion made over the head of the Ministers or officials directly concerned with it.

The Prime Minister's idea of having a National Security Council met with considerable opposition from some Ministers who felt that somebody outside the Government was trying to sell the proposition to her, while it received unexpected support from the service chiefs and others under the impression that she was interested in it.

Similarly, the move for setting up an Economic Council has run into rough weather through similar confusion over the origins of it.

It is not easy in a vast governmental system to streamline the procedures overnight. But Mrs. Gandhi is trying to make a start in nudging her colleagues to exercise greater responsibility in their respective domains and display the necessary initiative in carrying the Cabinet with them, without relying entirely on her to get through important decisions.

And as a part of this effort, she is now discouraging her party colleagues, industrialists and others from trying to bypass the Ministers concerned and approach her directly to put forward an idea or influence a decision.

## Trained Party Cadre Planned

Madras THE HINDU in English 29 Jan 81 p 6

[Text] Nasik, Jan. 28.

The Congress(I) President Mrs. Indira Gandhi has decided to create a cadre of dedicated and trained party workers as she feels the performance of the Youth Congress(I) is not satisfactory, according to the Maharashtra Congress(I) Seva Dal chief Mr. Chandrakant Gaikwad.

Mr. Gaikwad told UNI here that Mrs. Gandhi did not like the attitude of some party members who tried to denigrate the Seva Dal at the last working committee meeting.

She felt that efforts would have to be made to create a cadre through the Seva Dal, which had been neglected during the recent years, he said.

She had also appointed a committee under her chairmanship with the External Affairs Minister Mr. Narasimha Rao, All India Congress(I) Committee General Secretary Mr. Vasantrao Patil, the Civil Aviation Minister Mr. A. P. Sharma and Mr. Sitaram Kesari, assigning them the responsibility to Dal.--UNI.

CSO: 4220

GANDHI SPEAKS TO CONGRESS(I) MP'S SEMINAR

Bombay THE TIMES OF INDIA in English 24 Jan 81 p 9

[Text] New Delhi, January 23.

The Prime Minister, Mrs. Indira Gandhi, declared today that she had never endorsed the presidential form of government though she had encouraged a debate on it.

The debate was only "to educate the people so that they can judge whether there are weaknesses in our system."

Inaugurating a seminar of Congress (I) MPs on the "Challenges to the parliamentary system," Mrs. Gandhi said that no system was ideal or faultless. But she would repeat what she had stated earlier--that, to quote Sir Winston Churchill, the parliamentary system was the "most fragile, but no better system exists."

She said there were various causes that created instability in a parliamentary system. The chief among these was the politics of violence--of taking politics to the streets. Violence could not co-exist with a parliamentary government.

Another cause for instability was the politics of defection. People were encouraged to indulge in defections when the government existed on a narrow majority in a legislature.

Members' Loyalty

This was however not always the case. Governments with a narrow majority had remained stable when there was a strong sense of loyalty among the members.

"I would say that the phase of defections is on the wane. This is mainly because public feeling has hardened against it."

Obviously referring to her first term as Prime Minister, Mrs. Gandhi said, "For some time, this country had a minority government supported by other parties. The other parties could have brought down the government. But they did not do so presumably because they thought it would be better to keep going a government that was working."

Agitations launched on sectional demands were yet another cause for instability, Mrs. Gandhi said. She referred to the demands of industrialists as also of

political groups which often indulged in making demands without keeping the larger interests in view. They quite often projected their demands in a manner which was harmful to the country. "Giving in to such demands is not the answer," she asserted.

Mrs. Gandhi disagreed with the view that political ambition was the chief motivating force for a politician. She had a dig at the press, saying: "We do not see politics in the way our journalists and others do. We were born into politics when it had nothing to offer but sufferings and uncertainty, when there was possibility of going to jail and losing everything."

Politicians in pre-independence days, she said, were brought up in a different atmosphere. For them politics was a compulsion, almost a reflex action. Politics was for the fulfilment of larger aspirations and elections for getting the people's mandate for realising the aspirations.

She referred to satyagraha as a weapon used by Mahatma Gandhi to fight the British and said this weapon had been devalued greatly by political parties using it for all kinds of petty and insignificant purposes. It had lost much of its moral sanction because of the indiscriminate use to which it had been put.

Mrs. Gandhi said she did not accept the view that proportional representation was a "more rational or just system." She thought that a system which did not elect a person who was the first choice of the people to be politically unsound.

The Prime Minister said that though parliamentary democracy faced many challenges, it did not mean that the presidential system was more stable because one person was elected President for a particular period. The system also differed from country to country.

Mrs. Gandhi spoke of the importance of the "moral content" in a democratic system. A democratic government was elected by a majority of the people, but mere numbers did not confer moral or ethical values on a system. Any system would endure if it had the moral sanction behind it.

The constituent assembly was not an elected body, she pointed out, yet its decisions were accepted by the whole country because it was representative of the will of the people. It was an assembly of the most famous personalities the country had ever seen.

She alleged that the verdict of the people was sought to be distorted by influential setcions. [as published] In the Chikmagalur by-election plantation workers of the constituency were first bribed and then given a holiday on polling day so that they did not exercise their franchise, she alleged.

The weaker sections, Mrs. Gandhi said, were often intimidated and prevented from casting their votes. Threats were used against minority communities so that the womenfolk did not go to the polling stations.

Another factor that stood in the way of fair eletcions was the growing cost. [as published] Only affluent people cou'd hope to contest elections. A suggestion had been made that the government should bear the cost of eletcions. [as published] "The idea may be good--but for the size of the country," she said.

CSO: 4220

GANDHI SPEAKS TO TRIBALS, INTELLECTUALS

Bombay THE TIMES OF INDIA in English 23 Jan 81 p 7

[Text] Shamlaji (Sabarkantha district), January 22.

The prime minister, Mrs. Indira Gandhi, today announced that the programme for the uplift of the Adivasis and backward class people in the country would not be allowed to suffer for paucity of funds. If necessary, the plan outlay to the industrial sector would be curtailed or some new industries sacrificed to divert resources for tribal and backward class welfare, she declared.

Addressing an Adivasi rally at Shamlaji on the second day of her two-day visit to Gujarat, Mrs. Gandhi said lack of adequate resources was coming in the way of developmental projects for the tribal and backward classes.

The prime minister advised the tribals to be patient to see a brighter tomorrow and expressed the confidence that the country would soon be able to tide over the present economic crisis.

Thousands of Adivasis from far and near in their colourful costumes thronged the meeting venue on the outskirts of this tiny temple town bordering Rajasthan. They came in trucks, tractors, camel carts and on foot from all corners of the district and waited for hours to hear the prime minister. But the large gathering was visibly disappointed as Mrs. Gandhi ended her address in less than three minutes.

Mrs. Gandhi held the Janata government responsible for the present economic crisis as it had frittered away the resources developed by the Congress governments over the years.

She said the government once again would have to build up its resources and accumulate foreign exchange before the country could be brought back on the path of progress. It was bound to take some time to achieve the goals, she added.

The need of the hour she said, was to maintain unity, discipline and courage. She wanted the Adivasis to "educate" the urban population on maintaining discipline and showing unity and courage even in the face of a crisis.

She said she had a great admiration for Adivasis culture and she would always be prepared to work for the advancement and protection of their rich cultural heritage.

Earlier, she spent nearly 15 minutes at the famous Shamlaji temple offering prayers to Lord Vishnu. She also made inquiries from the temple trustees about the maintenance and renovation of the temple which was believed to have been constructed in the 12th century.

Ahmedabad: Mrs. Gandhi said on Thursday that intellectuals should start influencing and educating public opinion on relevant issues. Though politicians would ignore the intelligentsia, the people would listen to them, she added.

She was addressing a meeting of intellectuals after inaugurating the Nehru foundation of development by planting a sandalwood sapling. The organisation was founded gy Dr. Vikram Sarabhai whom Mrs. Gandhi described as a shining example of a thinker and a doer. [as published]

Mrs. Gandhi said intellectuals could bring the truth to the people whom false propaganda misled. Citing an example, she said that the whole political system, including her own party, was such that it would protest against "unpopular decision". Clearing of slums in Delhi was a progressive programme and all the slum dwellers were given alternative accommodition, but it was magnified as an "emergency excess", she pointed out.

The prime minister said that she was least bothered by the press criticism of her policies, but was worried about concerted efforts to demoralise the people under the garb of criticism.

CSO: 4220

GANDHI'S SPEECHES DURING GUJARAT VISIT REPORTED

Bombay THE TIMES OF INDIA in English 22 Jan 81 p 6

[Text] Ahmedabad, January 21 (UNI). The Prime Minister today sought the active cooperation of the people in implementing developmental programmes and urged farmers to refrain from agitating as the country faced a serious threat from disruptive forces.

Addressing a farmers' rally at Rajkot on the first day of her two-day visit to Gujarat, Mrs Gandhi said her government was aware of the farmers' problems and was always striving to solve them.

Earlier, she spent 45 minutes with the lions at the Gir national park at Sasan Gir after inaugurating an ecological conference.

She urged the "misguided" farmers to give up agitational tactics as the country was facing a serious threat from disruptive forces both within and outside.

Addressing a well-attended farmers' rally in Rajkot, Mrs Gandhi said her government was very much alive to the farmers' problems and was trying its best to solve them.

She expressed surprise that the farmers did not agitate during the Janata party rule when heaps of potatoes and sugarcane rotted in the farms as their prices were very low.

Mrs Gandhi reiterated her apprehension that the country was endangered by developments in world politics. She appealed to the people to extend full cooperation to the government and maintain "unity and discipline" to meet the challenge.

The oil price rise had serious repercussions on the Indian economy, she said and stressed the need to tap other sources of energy like solar energy.

She said the government was trying to chalk out a developmental plan which would ensure that the ecological balance was maintained.

Mrs Gandhi said her plea to develop alternative sources of energy been implemented earlier, the present crisis could hav been averted. [as published] Her plea was rejected on the ground that it would be a costly affair to develop solar energy.

Referring to various farmers' agitations in the country, she said her government had always been taking note of their problems.

Upleta and Dhoraji townships in Rajkot district responded to the call for a "rural bandh" to coincide with Mrs Gandhi's visit today.

The bandh call had been given by the Dhoraji students' action committee to protest against the alleged negligence of the government in handling a court case in which a high school building was restored to the respondents.

The kisan rally Mrs Gandhi was scheduled to address in Broach tomorrow has been cancelled due to tension in the curfew-bound city, where one person was killed and three injured in a clash between two groups on Monday.

Inaugurating a two-day seminar on "Approaches to a conservation strategy for Gujarat" at Sasan Gir, Mrs Gandhi said the costs were always relative and they would have to be considered against the advantages the present and future generations would get if the eco-system was well protected.

Her assertion came after the state chief minister, Mr Madhavsinh Solanki, in his welcome speech, refered to a need to strike a balance between the pollution brought about by industrialisation and the costs to be incurred in controlling such pollution.

At Bhavnagar, the police today foiled an attempt by some Bharatiya Janata Party (BJP) workers to submit a memorandum to Mrs Gandhi just after her arrival there on her way to Chavand.

The police blocked the BJP workers' entry to the airport. The deputationists later dispersed peacefully.

Mrs Gandhi spent about 45 minutes at the Gir national park, the last home of the Asiatic lion, and later said humourously she was "pleased to be among the two-legged and four-legged lions this fine morning."

Mrs Gandhi took photographs of the lions, borrowing cameras from press photographers in the dense forest of Gir, where the lions were roaming about but, as she said, were "very docile."

CSO: 4220

GANDHI SPEAKS TO PUNJAB LEGISLATORS

Madras THE HINDU in English 21 Jan 81 p 11

[Text] New Delhi, Jan. 20. The Prime Minister, Mrs Indira Gandhi, sees deliberate attempts being made to turn Asia into a zone of conflict. Previously Europe used to be the scene of tensions but now these are being pushed to Asia, she says.

The Prime Minister dwelt on the international situation while addressing a meeting of MPs and MLAs from Punjab called here yesterday. Tensions around the country and in the Indian Ocean, she said, had added to India's difficulties and forced it to incur heavy defence expenditure.

This has been Mrs Gandhi's theme, of late, in her address to party members and a part of the rationale for her exhortations for unity.

She urged the representatives of Punjab to remain united to meet the present challenges and difficulties. Deprecating groupism she spoke of the need for an integrated approach.

There was no special significance to the Punjab party meeting held here. During her recent visit to the State Mrs Gandhi was to address the legislators but the meeting had to be cancelled because of other preoccupations.

Of course, she sought to utilise the opportunity for underscoring the need for unity--obviously, in the context of reports that supporters of the Union Home Minister, Mr Zail Singh, and the Chief Minister, Mr Darbara Singh, constituted separate, identifiable groups.

PTI reports:

Mrs Gandhi said there was a lot of constructive work to be done and there was no time for bickering.

She asked the legislators to go to the villages and work for the uplift of the rural folk.

Mrs Gandhi said 1981 was a year of trial and difficulty. The country would either be overrun by problems or "we shall triumph over them and become stronger," she said.

No Alternative to Congress(I)

Referring to the political situation in Punjab, Mrs Gandhi said there was no alternative to the present Congress(I) Ministry there.

She said the whole world was facing problems of unemployment, price hike and inflation and India could not remain isolated from international events.

The hike in the prices of petroleum products was also influencing India and "we are trying hard to improve the situation."

The Congress(I) Government had inherited a shattered economy, a broken Government machinery and political instability. Her Government was trying hard to improve the situation.

'Irresponsible' Opposition

Mrs Gandhi said the position in regard to coal, steel and power had improved considerably. The Government was expecting a bumper crop. The inflation had also come down.

But she regretted that the Opposition, instead of "behaving in a responsible way," was trying to fish in troubled waters. One reason for their behaving in an "irresponsible manner" was that they were very weak. They started agitations without thinking of the consequences

Now, they were shedding "crocodile tears" for the farmers. The Congress had done the most for the 'kisans.' The Government was still trying to give them the maximum prices "out of the minimum we have."

Her Government was paying Rs 23 to Rs 28 per quintal to sugarcane growers. Remunerative prices were also paid for paddy and other farm produce, she added.

CSO: 4220

GANDHI SPEAKS AT SEMINAR ON MUSLIM CULTURE

Bombay THE TIMES OF INDIA in English 29 Jan 81 pp 1, 9

[Text] New Delhi, January 28 (UNI).

The Prime Minister, Mrs Indira Gandhi, today said that India had always recognised Islam as one of its own religions.

Inaugurating a three-day international seminar on "Islam's contribution to the culture and civilisation of the world, with special reference to India, Mrs Gandhi stressed that "Our mosaic allows each piece to retain its shape and colour while forming part of the grand design."

Muslims in India, she said, were full and equal partners in national life--its politics, its production processes, its commerce, its defence, its education, its art and literature and its self-expression.

"Every opportunity that is open to any Indian is open to an Indian Muslim. We make no discrimination against the adherent of any religion. All faiths are entitled to equal protection and equal respect," she said.

The seminar has been organised to celebrate the 1400th anniversary of the Hijri era.

Mrs Gandhi said secularism in the Indian context entitled each Indian to pursue his own belief and learn more about his creed but it also required of him to extend the same right to persons of other religions.

She said the political rebirth of so many Islamic nations and the new relations India has established with them provided fresh impetus to Islamic studies in this country.

She pointed out that the Hindu-Muslim exchange had created famous landmarks in literature, philosophy, architecture, language, music and art.

Mrs Gandhi said the Muslim population in India was the second largest in the world. But more important than that was its vital contribution to Indian life trough the centuries.

"Islamic elements have interacted with other elements of our land, influencing and being influenced in practically every branch of human activity--in philosophy and matters of the spirit, in statecraft and social organisations, in art, architecture, music and literature, in mathematics, medicine and drafts and technologies, indeed in the food we eat, the dress we wear and the very words we speak," she said.

She noted that at several points of time in the last 1,400 years since the rise of Islam, Delhi has attracted some of the greatest seers and scholars of the Islamic world. Even today, Delhi and other cities gave visual and aural evidence of this long connection.

It was a matter of pride that Indian culture was a composite one born of many strands and colours. In the process of assimilating or influencing, it has been India's special genius to allow each component to retain its distinctive flavour and character. The metaphor used by some writers was that India was not a melting pot but a mosaic.

The vice-president, Mr M. Hidayatullah, chairman of the advisory committee for the celebrations said the committee intended to bring out a book on Islam but were unable to complete the task.

He presented Mrs Gandhi with a copy of the Qoran on behalf of a delegate from Pakistan. The Prime Minister also released a book of poems in praise of Prophet Mohammed.

Earlier, the Union education minister, Mr S. B. Chavan, announced it had been decided to allot a plot of land for an Islamic culture centre.

CSO: 4220

## CPI LEADER RAO ATTACKS GANDHI ECONOMIC POLICIES

New Delhi PATRIOT in English 24 Jan 81 p 7

[Text] Lucknow, Jan. 23. CPI general secretary C. Rajeswara Rao today charged the Indira Gandhi Government with creating an "explosive situation" in the country by pursuing wrong economic policies and giving free hand to police to perpetrate all sorts of atrocities on common people, particularly the weaker sections.

Mr Rajeswara Rao was talking to newsmen after attending the two-day meeting of the State committee of the CPI.

Mr Rao told newsmen that the UP police are killing innocent people on the pretext of killing dacoits in encounters. He said very recently the police dragged away four residents of mohalla Tarapuri in Meerut city from their houses and later shot them near village Chhetwana. The police claimed that these four persons, Bashir, Asghar, Nazir and Yamin, were killed in an encounter.

In the district of Ghazipur the police were repeating the performance of Bhagalpur police with the difference that in Ghazipur, it was cutting the hands and legs of people. So far 77 persons had been maimed by the police in this manner.

Mr Rajeswara Rao gave a long list of persons maimed and killed by the police in Meerut and Ghazipur recently.

In Banda district, he said, there was a sudden spurt of police "encounter" with the dacoits in which over 55 persons, mostly innocent were killed by the police.

Mr Rao said that the pro-vested interest policies of the Indira Government were responsible for the sharp rise in prices, unemployment and scarcities of essential commodities. She was giving all out to help the capitalists and other vested interest including the black money owners, he alleged. The bearer bond scheme was launched to help those who had amassed wealth by anti-social activities, including smugglers and dacoits.

He said that the black money invested in trade industry will not be attracted by the bearer bond scheme "only the money with dacoits and smugglers will be attracted by this scheme and they will get their tainted money converted into white in a few years," he added.

"Yet she is accusing the opposition of launching agitation for agitation's sake," he added.

Mr Rao said that it had become a routine with the Prime Minister to decry all mass movements and to denounce them by saying that they were intended to spread chaos and anarchy with a view to toppling her Government.

He alleged the Indira Government was pursuing the pro-monopoly, pro-big business, pro-landlord policies of the Janata Party and felt the mass discontent in this situation was inevitable and added as long as the unbearable sufferings of the people exist the agitations would continue.

Mr Rao asked if it was not a fact that during the Janata Party rule her party had conducted agitations, which included blocking of the proceedings of the Supreme Court. If her party has not resorted to violent agitations in Kerala, West Bengal, and Tripura where it is in opposition, he questioned.

Mr Rao said that the CPI and other left parties had reacted positively to her offer for talks on national issues. The left and democratic parties asked her to name the issues on which she wanted to have dialogue. But since then nothing has been heard from her on this point. Obviously she was not serious about the offer of a dialogue, he felt.

CSO: 4220

JAMMU, KASHMIR CONGRESS(I) SENDS MEMO TO GANDHI

Bombay THE TIMES OF INDIA in English 21 Jan 81 p 1

[Text] New Delhi, January 20 (UNI)--The Jammu and Kashmir Congress(I), today levelled a series of allegations against the chief minister, Sheikh Abdullah, and his non-Congress(I) government in the state.

A five-page memorandum, submitted to the Prime Minister, Mrs Indira Gandhi, by the state party chief, Mufti Mohammad Syed, questioned Sheikh Abdullah's secular credentials, accused him of hobnobbing with communal and reactionary forces like the Jana Sangh and the Jamait-e-Islami and permitting unbridled corruption, thus, thoroughly demoralising the state administration.

'Guilty of Corruption'

The memorandum was in pursuance of the discussion that the DCC(I) presidents from the state had with Mrs Gandhi on the political situation last week.

In a personal attack on the chief minister,the memorandum alleged "he (Sheikh Abdullah) himself, his family members, his cabinet colleagues and his party members are guilty of innumerable acts of corruption and nepotism."

"They have built huge properties, amassed wealth and are unashamedly using their position and influence to serve their own ends."

It said the Sheikh was charging a sizeable amount as rent for his own house, which he had rented out to the medical institute for which he was raising funds through donations. For his own residential house and its furniture he was charging rent from the state government on the plea that he was entitled to government accommodation.

It alleged that the Sheikh's son-in-law, Mr G. M. Shah, had been raising "lakhs of rupees through all means for a new building and a new press for the official organ of the ruling National Conference.

Mr Shah is a member of the Sheikh's cabinet.

The memorandum listed several allegations of financial irregularities against Sheikh Abdullah's son, Dr Farooq Abdullah, MP, and other members of the family.

Highlighting the growing collaboration between the Jana Sangh and the National Conference, the memorandum said the Sheikh reprimanded his own party members of the Jammu municipal council for what he called their "lack of understanding" vis-a-vis their fellow Jana Sangh municipal councillors.

'Communal Party'

The memorandum charged the chief minister with extending his divisive politics to Ladakh, a region known for amity between Buddhists and Muslims. Ladakh was fast loosing its distinct character, it alleged.

It said official agencies in the state discriminated against Congress (I) workers and never lost an opportunity to harass and victimise them.

Of late, Congress(I) workers and supporters had been arrested on flimsy grounds with a view [as published]

Referring to the activities of the Jamaat-e-Islami, the memorandum alleged that the ruling National Conference had never made an attempt to counter the propaganda of "this communal party" except some stray administrative measures were taken following the Jamiat-Tulaba's decision to hold an Islamic youth conference in Srinagar last year. He said such measures were hardly ever useful in meeting the challenge of the organised and cadre-based Jamaat-e-Islami and its youth wings, the Jamiat-e-Tulaba.

Meanwhile, the National Conference leader, Mr A. R. Wani, today accused state Congress(I) leaders of instigating the Ladakh agitators into disturbing the peace and order in the state.

CSO: 4220

MINISTRY PREDICTS GROWTH IN INDUSTRIAL PRODUCTION

Calcutta THE STATESMAN in English 26 Jan 81 p 1

[Text] New Delhi, Jan. 25.--The Ministry of Industry has envisaged a 10% growth in industrial production from 1981 onwards, reports UNI.

This projection is contained in a detailed study of international capacities in the light of new growth-oriented policies and programmes of the Ministry, which are being woven into the framework of the new industrial policy.

A Ministry note points out that without making any compromise on the basic tenets of the industrial policy, a new emphasis has been placed on optimal utilization of the installed capacities and sustained growth in consonance with socio-economic objectives.

To attain this growth a revolutionary concept of growth pattern has been worked out to develop backward areas. Three or four nodal points are to be set up in industrially backward areas. The objective is to provide a framework of growth in which there would be forward as well as backward linkage with the nodal points, which would be organized by the Centre and State Governments. [as published]

The Centre is considering a proposal to create a buffer stock of critical raw material to be operated by a national agency like the National Small Scale Industries Corporation.

The Minister of State for Industry, Mr Charanjit Chanana, yesterday told the consultative committee of Parliament attached to his Ministry that this was meant to correct the anomalies in the existing pattern of distribition and provide additional assistance to small scale units according to a time-barred scheme.

The Minister said the contents of the buffer stock would vary from area to area. A decision would be taken shortly, he added.

Mr Chanana said that development of the small scale sector was receiving the highest priority at the Government level and instructions had been issued to banking institutions for expeditious clearance of credit proposals from this sector.

PTI adds. An official review of industrialization since Independence shows that the decline in growth which reached the peak of minus 1.4% in 1979-80 has been reversed in the current year and industrial production figures have again become positive since last June.

CSO: 4220

MINISTER TELLS PRESS PLANS FOR NORTHEAST

Calcutta THE STATESMAN in English 22 Jan 81 p 7

[Text] Itanagar, Jan. 21.--The Centre has released Rs 2,359 crores in assistance to the North-eastern States during the Sixth Plan period for socio-economic development, the Union Minister of State for Home, Mr Yogendra Makwana announced here, reports UNI.

Addressing a Press conference here last night, Mr Makwana, who is also the convenor of the "committee of Ministers for development of the north-eastern region" said the Centre was sympathetic to the problems of the area.

He said the committee meeting, which concluded here yesterday, had only reviewed the progress of various new projects which had been started by the Centre in the north-eastern States.

The Union Minister declared that Rs 50.29 crores would be spent on the construction of six railway lines. All of them, except the two 8 km Gauhati-Burnihat line in Meghalaya, would be in metre gauge, he added.

Mr Makwana said the 560 km Gauhati-Dibrugarh rail route would be converted into broadgauge. He announced that survey work for the construction of two more bridges over the Brahmaputra had already been completed. The bridge near Tezpur would be broad. The details reporting another to be constructed at Jogighopa in Goalpara district, were not immediately available, he said.

The Minister added that seven new roads had been recognized as National Highways Rs 70 crores had been sanctioned for the purpose. [as published]

He said that another Rs 20 crores had been cleared for construction of three link roads in Meghalaya and two other States of the region.

Mr Makwana added that the Centre had also begun an ambitious programme to generate 458 MW of power in the region.

Mr Makwana said there was ample power potential in the area. He added that 216 MW was availalbe against a requirement of 230.2 MW. Manipur, Tripura and Mizoram were the worst sufferers in the region, he said.

Mr Makwana said a thermal unit to produce 240 MW at Bongaigaon in Assam would be completed in a four-phase programme by 1984 June. He said the Lakua gas turbine project in Upper Assam (to produce 45 MW) would be completed by March this year.

The Union Minister declared that a mobile 21 MW gas turbine would be completed by July this year in oil-based Assam areas. Another oil-based 30 MW power project would be set up at Chandrapur by December 1983.

Another two projects, the Namrup gas turbine and the 22 MW Karbi Lanpi hydel would be installed by December this year and by March 1985 respectively.

CSO: 4220

MINISTER INVITES PRIVATE SECTOR TO OPEN NEW MINES

Madras THE HINDU in English 23 Jan 81 p 16

[Text] Calcutta, Jan 22. Mr A. B. A. Ghani Khan Chaudhury, Union Energy Minister, has invited proposals from the private sector to open new coal mines and also to set up power generating units.

He told a meeting of the Bengal National Chamber of Commerce and Industries on Wednesday that the Government would buy power generated in such private sector units.

During the Sixth Plan 20,000 MW additional power could be added, out of which 5,000 MW would be hydel. In the next Plan the Government proposed to create an additional capacity of 28,000 MW to be equally divided between hydel and thermal generation.

Our special Correspondent reports from New Delhi:

Marginal Shortfall: Though a marginal shortfall in the target set for the coal industry for 1980-81 is feared, the stress in 1981-82 will be more on reducing the record level of pithead stocks than on stepping up the output.

The target for 1981-82 is 121 million tonnes against an anticipated demand of 127 million tonnes.

The difference between production and offtake will be met from pithead stocks which are expected to be 16 million tonnes at the beginning of the year.

Official sources said here that it might be possible to set the production target for 1981-82 at a level higher than 121 million tonnes. This was being done as the pithead stocks needed to be reduced.

Pointing out that never before had the coal industry been faced with a stock level of 16 to 17 million tonnes, the sources said this had caused a severe financial strain on Coal India Ltd., and increased the risk of fires at stockyards.

As for production in 1980-81, it was stated that CIL would fulfil its target of 99 million tonnes, but a shortfall of a million tonnes was feared in Singareni collieries which had been plagued by labour disputes.

TISCO and IISCO mines were also likely to produce 10 per cent less than their target of three million tonnes. As a result the total output in 1980-81 was expected to be about 112 million tonnes against the target of 113.5 million tonnes.

The sources, however, said that as a result of considerable buoyancy in production, the rate of growth last December was 17 per cent more compared to the corresponding month of 1979.

During the first nine months of 1980-81 production went up to 78 million tonnes from 73 million tonnes during the corresponding period.

As a result of higher production, despatches to the main consumers including power houses had also gone up, the total availability of coal to the power plants was expected to go up to 37 or 38 million tonnes in 1980-81 from 33 million tonnes in 1979-80.

Likewise the steel industry would get in 1980-81 about 14.5 million tonnes and another half-a-million tonnes were being imported by it.

A working group set up by the Planning Commission was expected to complete its work by the end of February on the long-term requirement of coking coal by the steel industry.

Once its report was available it would be possible to take decisions on the expansion of coking coal production.

While maintaining that "we are in a position to meet the entire demand of coal," the sources said the major snag was transportation. There had been some improvement in wagon availability but still more and more coal was being moved by road.

CSO: 4220

## CABINET APPROVES DRAFT OF SIXTH FIVE-YEAR PLAN

Madras THE HINDU in English 26 Jan 81 p 9

[Text] New Delhi, Jan. 25.--The Union Cabinet on Saturday gave its approval to the draft 1980-85 Sixth Five-Year Plan document, proposing a public sector outlay of Rs 97,500 crores which is to be financed partly by deficit financing of Rs 5,000 crores.

The total outlay anticipated during the 1980-85 Plan period, if the approximations about the outlays by the private sector also materialise, would be Rs 163,500 crores. The approximations of the private sector outlay of Rs 66,000 crores are largely notional and would depend on the investments which the private sector would be in a position to make.

These in turn would hinge upon the Government's taxation policy fiscal incentives, which would be extended to the private sector, alleviation of shortages of raw materials like coal and power and bottlenecks in rail transport.

The Plan document which runs to 1,600 cyclostyled pages, will now be despatched to the State Governments for their study to enable them to offer their detailed comments when they assemble here for the meeting of the National Development Council due to be held by the middle of next month.

Russian Credit

The financial resources for the Plan have taken into account the credit of Rs 250 crores which the Soviet Union would be giving to step up investments in crucial sectors like coal, oil and power.

The break-up of the financial resources proposed to be available for the Plan is as follows, the figures (in crores of rupees) in brackets indicating the projections made in the earlier Plan frame document presented to the NDC in August last year.

Balance from current revenues at 1979-80 rates of taxes: 14,478 (13,602); contribution of public enterprises: 9,395 (11,007); market borrowings: 19,500 (18,500); small savings: 6,463 (6,337); provident fund: 3,702 (3,564); term loans from financial institutions (net): 2,722 (3,003); miscellaneous capital receipts: 4,009 (3,072); external assistance and borrowings from the rest of the world: 9,929 (7,765); additional resource mobilisation: 21,302 (19,150);

uncovered gap/deficit financing: 5,000 (4,000); drawing down of exchange reserves: 1,000 (1,500) mentioned but not included in the break-up): Total: 97,500 (90,000). [as published]

A significant feature of the present break-up is that while there is an increase in the estimated resources under all heads, there is a drop of a total amount of Rs 1,893 crores on account of the contributions from public sector enterprises placed only at Rs 9,395 crores as against Rs 11,007 crores projected in the Plan frame. Term loans from financial institutions amount to Rs 2,772 crores as against the higher figure of Rs 3,003 crores estimated in the Plan frame.

The anticipated buoyancy from tax revenues probably explains the higher estimate made in respect of balance from current revenues at Rs 14,478 crores. Additional resource mobilisation has been stepped up by Rs 2,152 crores from Rs 19,150 crores indicated in the Plan frame, partly because of the support expected from the State Governments'.

CSO: 4220

## DELHI TELLS STATES TO BAN PUBLIC RSS DRILLS

Madras THE HINDU in English 29 Jan 81 p 6

[Text] New Delhi.

The Centre wants the State Governments to consider legal provisions for banning RSS shakhas (drills) in public places and premises of educational institutions, run or aided by the Government and local bodies.

The States can adopt any of these two measures--(a) instructions on the U.P. model prohibiting RSS shakhas in public places and (b) amendment of the police acts on the lines of the recent changes in the Kerala law, whereby district magistrates ban mass drills.

These are part of the guildeline sent to the States, to ensure effective action to deal with communal violence, and to prevent a build-up of communal tensions.

Other points made by the Centre are: Whenever a serious communal riot occurs in the State, a quick administrative inquiry should be conducted, notwithstanding the fact that a judicial probe had already been ordered by the State Government. Such an administrative action could cover areas which are not covered by the terms of reference of the judicial inquiry.

An Image of Secularism

To project an image of secularism and instilling confidence among the minority communities, Scheduled Castes and the Scheduled Tribes, efforts are to be made to give them adequate representation in the police force.

The States could consider setting up, on a permanent basis, State and district level committees and tripartite bodies for large industrial undertakings with a sizable labour population of minority communities.

These committees would meet regularly and help in curbing the growth of communal trends. To prevent the occurrence of communal incidents and ensure communal harmony in pockets where communal riots leading to loot and arson are chronic, standing committees could be constituted to deal with group tensions.

Several commissions were set up, from time to time, by the State Governments concerned and the Centre to enquire into communal disturbances. Their important recommendations have been sent to the State Governments.

The recommendations cover investigation of offences committed during communal riots, imposition of punitive or collective fines, formation of peace committees, administrative action before, during and after communal riots, code of conduct for political parties, preventive action and intelligence operations.

CSO: 4220

KERALA MINISTER LISTS COALITION ACHIEVEMENTS

Bombay THE TIMES OF INDIA in English 21 Jan 81 p 15

[Text] Trivandrum, January 20. The finance minister, Mr K. M. Mani, claimed today that the left democratic coalition government in Kerala had achieved in the first year a creditable record" in implementing the budget promises to the people.

The coalition, which would be a year old on January 25, was speeding up its performance record, he told a news conference.

The highlights of the performance, according to him, were (1) pension for "retired" agricultural workers, (2) financial aid for the unemployed, (3) improvement of the living conditions in the colonies of the poor, (4) relief to paddy farmers, (5) group insurance to fishermen and (6) help to the handicapped.

The formation of an academy for industries to provide technical help to small entrepreneurs was under consideration of the government. The first budget had earmarked Rs 500,000 for this proposal, he said.

The finance minister maintained that his government was not spending for welfare measures a disproportionately high amount compared to the plan investment. The total investment for welfare this year would be Rs 46.25 crores. The non-plan investment was only Rs 19.05 crores out of the total investment for welfare.

He said if the Centre and the planning commission had accepted the government's request to include the pension to "retired" agricultural workers, the non-plan expenditure for welfare would be reduced to just Rs 1.55 crores.

Mr Mani repeated the coalition government's complaint that Central help for Kerala's development had been "reduced considerably" for the sixth plan. The Gadgil formula for the distribution of Central aid was one of the reasons for the low aid to Kerala, he said.

Taxation Levels

Mr Mani said he would not say that the Union government was ignoring Kerala. All that he would say was that Kerala was not getting its legitimate claims recognised by the Centre.

The proposal to deny to states the right to collect sales tax would damage the financial stability of Kerala, he said, adding that revenue from sales tax was the main source of income for the state. This year, until the end of December, Kerala had collected more than Rs 140 crores.

The disparity in taxes among the four southern states militated against the proper development of individual states. Industrialists moved to states with a less level of taxation. Kerala comparatively levied a higher level of taxes.

He suggested that all the four southern states must strive to introduce as much uniformity as possible in taxation.

Mr Mani claimed that Kerala's finances were "sound and stable now." This stability would be improved in the coming years if the Union government left the state free to mobilise its own revenues.

CSO: 4220

MINISTER WARNS AGAINST IMPORT OF OLD TECHNOLOGY

Bombay THE TIMES OF INDIA in English 21 Jan 81 p 10

[Text] Bombay, January 20. The Union minister for industry, Dr C. Chanana, has cautioned against the import of obsolete or irrelevant technology.

Addressing members of the Indo-German Chamber of Commerce, whose annual general meeting he inaugurated here today, Dr Chanana said some of the multinational companies were exporting outdated technology on the plea of transfer of technology.

Clarifying the government's attitude to industries and technology as "regulatory and not restrictive, promotional and punitive," the minister said the Indian industry should constantly endeavour to update its technological standards by adapting and importing non-available technologies, if necessary, he stated.

He asked the industrial sector to have a futuristic view of the technology they requisitioned from abroad. It must be durable and serve the masses, he said.

He preferred the technology development to begin from the sale of software. Such a course would enable the country to subsequently seek markets abroad for its hardware as well.

The basic criterion for the selection of technology was related to its utility in the economic development of the country.

He said the industrial policy of the government was to orient production to international marketing. Protection to industries could not be eternal, he cautioned. He wanted German units in the country to be models for the right transfer of technology.

He acknowledged the positive contribution of multinationals and his criticism was directed only at those of the transnationals which exploited the raw materials of the developing countries.

He said India's strength lay in the infrastructure foundation built up over the years--an attribute not shared by many others in the third world.

The international economic division of the ministry could be consulted for fuel efficiency enhancement programmes as well as those of tapping alternative energy sources. Such studies could be taken up by both developed and developing countries.

The chairman of the world-wide Bayer group based in West Germany, Prof Dr Herbert Gruenewald, who delivered the keynote address, said cooperation among nations had become imperative to resolve global problems. No country could go it alone. Because of the high prices of conventional energy sources, Dr Gruenewald said West Germany's balance of payments had run into a deficit of Rs 4,000 crores for the first time since 1965. It increased to Rs 12,000 crores in 1980 and in the current year it might be Rs 10,000 crores.

Call for Cooperation

According to calculations of experts in that country, it would require at current prices Rs 200,000 crores to cover Germany's energy needs at the turn of the present century.

He, therefore, stressed the need for international cooperation in harnessing alternative sources of energy. Simultaneously, the dependence on oil should be shed and its wasteful usage minimised.

Technically, he did not consider the problem insurmountable. "But all this must not obscure the fact that in certain countries and in certain industrial sectors, extremely painful adjustments will be needed, which may in the worst case even entail the loss of the present basis of business," he said.

Dr Gruenewald pinned his faith in the new order on the industry he was intimately connected with--chemistry.

"I believe that chemistry is particularly suited to help provided the driving force and act as a catalyst in a worldwide partnership," he said, highlighting the industry's capacity to innovate. [as published]

Mr F. A. A. Jasdanwalla, president of the chamber, referred to the recent trend of an unfavourable balance of trade of West Germany with India. He attributed it to the communication gap. Many middle-level German firms were, perhaps, not aware of India's policy of liberalised imports, he said.

Dr. H. Langer, vice-president of the chamber, proposed a vote of thanks.

With the end of the meeting, the chamber entered its silver jubilee year.

CSO: 4220

STATE SOCIAL WELFARE MINISTERS HOLD PARLEY

New Delhi PATRIOT in English 21 Jan 81 p 4

[Text] The annual conference of State Social Welfare Ministers has suggested planning and programming of various welfare schemes and their implementation in the right earnest, report agencies.

Mr S. B. Chavan, Union Education and Social Welfare Minister, who was briefing newsmen on the conclusion of the conference on Tuesday said that special drive would be launched to facilitate the employment of handicapped in the private sector.

He said it had been decided to give free aids and applicances to the handicapped on an extensive scale and also liberal financial assistance. [as published] Preventive services should be given high priority for early identification and curative and rehabilitative services for the handicapped.

He said the Government is formulating a national nutrition policy with a view to improving the physical capacity of the population enhancement of the span of working life and increased longevity.

Inaugurating a conference the State Social Welfare Ministers he said these results are sought to be achieved by improving the level of nutrition on the one hand and health and quality of environmental sanitation and hygiene on the other. [as published]

The Minister said while the main objective of the nutrition policy would be to improve the physical capacity of all segments of the population certain special groups who were malnourished and under-nourished and live below the poverty line, would need special attention.

Mr Chavan said another problem, which needed to be tackled on a high priority was exploitation of children. The incidence of child labour was fairly high and would have to be checked. The Committee on Child Labour constituted by the Labour Ministry had made some useful recommendations which were being examined.

He said the evils of dowry and child marriage which still persist were blots on the Indian society. He felt women's organisations could help in mobilising public opinion and initiating social sanctions against families which continue these practices.

Mr Chavan said it was disturbing to note that enrolment of girls in schools and their retention had not made satisfactory progress. Vigorous efforts should be made to encourage enrolment of more girls in schools and also reduce their drop-cut rate so as to bridge the gap between the enrolment of boys and girls. [as published]

CSO: 4220

DELHI ESTABLISHES PANEL TO STUDY PRICE CHANGES

New Delhi PATRIOT in English 30 Jan 81 p 5

[Text]

THE Centre has constituted a five-member group to go into the question of fluctuating prices and the need for long-term arrangements to protect the interests of both producers and consumers in case of perishable commodities like onion, potato, vegetables etc. The group is also asked to give its recommendations on promoting farmers' own organisations for the purchase and marketing of such commodities.

The group headed by Planning Commission, M S Swaminathan has been asked to submit its report by 28 February next.

Mr A J S Sodhi will be member-secretary of the group, other members being Agriculture Secretary S S Puri, National Dairy Development Board Chairman V. Kurien, Bharat Krishak Samaj member Jagdeesh Kodeshia and Rashtriya Kisan Sangthan member S B Pandya.

While constituting the group, the Goverment has said that it was deeply concerned about the fluctuating prices and need for long-term arrangements to protect the interests of both the producers and consumers.

While it is not possible for any Government agency to operate a price-support mechanism for perishable commodities as in the case of foodgrains, an effective and appropriate method is the promotion of farmers' own organisations, it added.

CSO: 4220

DASGUPTA RETURNS FROM VISIT TO INDOCHINA PENINSULA

Calcutta THE STATESMAN in English 29 Jan 81 p 7

[Text] The Vietnamese Communist leaders think that however the CPI(M) may try, the Chinese Communists will never change their stand. This impresion was given to the CPI(M) leader Mr Promode Dasgupta, during his stay in Vietnam, Kampuchea and Laos. [as published] Mr Dasgupta was accompanied by another Politburo member, Mr Harkishen Singh Surjit.

On his return to Calcutta on Wednesday Mr Dasgupta said that he had explained his party's policy of evolving party-to-party relations with both the Soviet and the Chinese Communist parties to the leaders of Vietnam. He had also told them that a CPI(M) delegation had been invited by the Chinese Communist party.

The CPI(M) leader feels that the three countries he had visited are now passing through a bitter anti-Chinese phase. They are more anti-Chinese than anti-U.S. This is quite understandable because their reconstruction programme has been halted by China as a large deployment of military forces has to be made all along the Chinese border.

Mr Dasgupta toured the border areas in Vietnam and witnessed the large-scale destruction caused by the Chinese invasion. But the Kampucheans were more bitterly anti-Chinese because of massive killings by Pol Pot's men. He was shown a school converted into a prison where 16,000 people were killed. He had a report that at least two members of each Kampuchean family were killed during the Pol Pot regime.

In all the three countries Mr Dasgupta attended cultural functions where the songs and dances reminded him of Indian folk music. He will place the report on their tour before the party's four-day central committee meeting beginning in Delhi on February 4. The Politbuor is meeting a day earlier. [as published]

CSO: 4220

WEST BENGAL 'COMPARATIVELY FREE FROM COMMUNALISM'

Calcutta THE STATESMAN in English 29 Jan 81 p 3

[Text] Mr S. M. Burney, Union Home Secretary, said in Calcutta on Wednesday that "it is good that West Bengal is to a large extent free from the problems of communal tension and attacks on Harijans. This puts it in a better light compared to many other States".

Mr Burney, who was briefing reporters after a meeting of officils of West Bengal, Orissa and Sikkim on the law and order situation, said so far as communal tension was concerned there were four sensitive districts in West Bengal. [as published] "We suggested special precautionary measures for these districts" he added.

He said the Centre had instructed all State Governments to introduce "crash courses" for policemen "to bring about a change in their attitude towards people, particularly the weaker sections of the community, women and children. "The purpose was to make the police a "more human force". [as published] Long-term training programmes had also been planned and these would include courses in social sciences.

The Centre has also decided to spend Rs 10 crores every year, for the next 10 years, for modernizing the police force in the country. He said West Bengal's share for 1981-82 was Rs 71 lakhs and the immediate aim should be to equip each thana with a jeep, a wireless set and a telephone. In this context, Mr Burney said Orissa still had a covery of trained pigeons for carrying messages "and while the birds are highly competent we feel that they must be replaced with more modern forms of communication". [as published]

Regarding attacks on Harijans, he felt these increased with a corresponding rise in the cases of Harijans asserting their rights. "In West Bengal, I was told, the Harijans attacked were poor peasants trying to get their share of the crop.

The meeting also discussed the question of jail reforms and problems of undertrial prisoners. Mr Burney said the problem was not very great in West Bengal, Orissa and Sikkim. He had the same thing to say about the problem posed by unlicensed arms in these States.

Asked about political interference hampering officials' work, the Home Secretary said: "No one mentioned this in the conference". Regarding Assam, he said the Centre would go ahead with the task of detecting foreigners who had entered after

March 25, 1971, but could not say what would happen to them if Bangladesh refused to take back these people.

The conference in Calcutta was part of a series of meetings which Mr Burney has been holding in different places in the country, "to have a clearer idea of the situation at the grass-roots level".

CSO: 4220

KERALA CHIEF MINISTER ON FIRST YEAR'S ACHIEVEMENTS

New Delhi PATRIOT in English 25 Jan 81 p 6

[Article by E. K. Nayanar, chief minister of Kerala]

[Text] Problems Tackled and Promises Kept

The six-party Left-Democratic Front was voted in power in Kerala in the general elections a year ago on the basis of a 20-point minimum programme that promised a better turn to the different sections of the people. From the implementation of the common programme, the weaker sections stood to gain the most. The government wasted no time in acting up to the electoral pledges given. Within three months of the LDF assuming office on Jan. 25, 1980 came the first State budget which committed the Government to as many as 33 welfare schemes towards the time-bound carrying out of the 20-point programme.

A significant feature of the programme implementation by the LDF set up in the State is that all the 33 welfare schemes incorporated in the annual budget of 1980-81 as adopted by the State Assembly in March last have been given full effect to by now.

It will not be out of place to point out that the six-party ruling Left-Democratic alliance in Kerala is not the same as the six-party opposition Left-democratic combination operation at the national level, in composition. Only four of the components of the national alliance, namely the CPI-M, the CPI, the Cong-U and the RSP, are in the Kerala ruling LDF. The Lok Dal and Forward Bloc segments are non-existent in the State.

The main opposition to the LDF both inside and outside the State Assembly is the Cong-I led Democratic Alliance consisting of Indian Union Muslim League (IUML), Janata, National Democratic Party (NDP) of the Nair community, Joseph faction of the Kerala Congress and the PSP (having only a solitary member in the Legislature) also. The RSS-Jan Sangh off-shoot, the BJP contending for the political role to become the "only" alternative to the Cong-I at the national level, has no Assembly representation in Kerala. Outside, as a militant organised group, it is quite volatile. The BJP considers the ruling LDF and the opposition Cong-I as two sides of the same coin, both to be abhored and attacked but the parallel agitations the BJP and the Cong-I alliance mount against the LDF government more often becomes mutually complementary.

Against this political backdrop, what the first one year of the Left-Democratic rule was able to achieve for Kerala and what the future holds out for it, merit particular attention in the larger context of socio-economic problems that are being tackled.

As part of the social welfare schemes set in motion by the LDF Government, nine pension schemes have been implemented to give succour and relief to the long neglected and deprived sections. The agricultural workers' pension and unemployment wage scheme (the latter being a carryover from the previous United Front Government in which the present LDF segments the CPI, the Cong-U and the RSP were partners but not the CPI-M) holds the pride of place in the various welfare and pension schemes launched. The former provides for the monthly payment of Rs 45 to the aged farm worker who is unable to earn a livelihood by the sweat of his brow. So far 1.25 lakh agricultural workers above the age of 60 have been granted the pension. The total enlisted as eligible for the benefit will come twice that number. The pension scheme is a continuous one.

As for the unemployment allowance scheme that first came to be introduced in 1978-79, an estimated 235,674 jobless youngmen and women have so far benefited by it at the rate of Rs 50 per mensem. Those who have registered their names in the employment exchanges come to 1,508,075. The monthly expenditure on account of payment of unemployment wages is put at Rs 1,1,576,700. As many as 264,470 persons had applied for the unemployment wage.

The other pension schemes are to help destitutes, sportsmen, journalists and circus artists among others. The beneficiaries of the welfare schemes include also practising lawyers.

The successful completion of the radical land reforms in the state (accomplished under the previous UF Government) secured possessional rights to half a million hutment dwellers of the patches of land on which their hutments stood. After freeing them from the nightmare of eviction, a number of schemes to help improve their lot were introduced by the former Government. These schemes came to be further extended under the present set up also. The Kudikidappukars (hutment dwellers) benevolent fund was one. One lakh houses scheme for the homeless and the landless among the rural poor was another. Efforts are being made to secure funds from the Reserve Bank of India for advancing loans to the emancipated hutment dwellers. With the help of yet another scheme they are supplied electricity free of charges.

The Government also took steps to make available the benefit of welfare funds to workers of coir, cashew and beedi manufacturing traditional industries.

It has been resolved that each sea-going fisherman should be insured for a sum of Rs 10,000 for which the entire premia will be borne by the Government. The Government has further enacted a legislation to constitute fishermens' villages and fishermen welfare cooperatives in all coastal villages and inland fisheries areas chiefly inhabited by fishermen.

Assistance to Farmers

As for the farmers, the Government has decided to waive interest on all loans taken prior to April 1976 by those who possess less than two hectares. In realisation of the difficulties of the cultivators of water-logged Kultanad and Kole lands of Trichur and Ponnani where dewatering forms a major part of the farming operations, a cabinet sub-committee has decided that instead of giving subsidy for pumping operations, the Government will meet the entire expenditure on hiring motors and electricity charges. It has also been decided that proper and speedy implementation of the decisions of the Industrial Relations Committee (IRC) should be ensured, the Government is to appoint a one-man commission to go into the difficulties of the paddy cultivators in the state. Subsidy for pumpsets has been extended to all community development blocks. The price of sugarcane has been enhanced by Rs 20 per tonne. The Government also proposes to formulate a crop instrance [as published] scheme in which a substantial portion of the premia will be borne by the Government. A new scheme to provide sufficient relief to farmers effected by natural calamities also is under consideration. A cattle insurance programme is being implemented in which also a considerable portion of the premia will be met by the Government.

Exemption limit of income for the assessment of agricultural income tax is proposed to be raised to Rs 12,000 for which legislation is being introduced.

By another legislation, the exemption limit of building tax has been raised to Rs 75,000 from Rs 20,000. The Government has also drawn up a comprehensive programme to provide water, power, sanitation and communication facilities to the Harijan families in Harijan colonies.

The rate of destitute pension and grant to orphanages, homes for the aged, infirm and beggars, rescue homes and mahila samajs have been enhanced. The monthly stipend to the handicapped students also has been raised. As for Harijan cooperatives, the arrears of interest and all future interest liabilities that will accrue on loans to Harijans, will be waived. In future the loans advanced by Harijan cooperatives will be interest free.

To accelerate the development of Wynad, a backward hilly region of the state, the LDF Government has formed a new district comprising the entire area which is predominantly tribal.

School Health Care Programme

A comprehensive scheme called the School Health Programme covering 55-lakh pupils of the state for medical chek-up [as published], detailed clinical tests and follow-up treatment in case of ailment is being implemented. For the effective execution of the programme, health cards are being issued to the students.

The welfare measures being implemented for the benefit of Government employees and teachers include revision of pay scales, introduction of new grades, removal of anomalies in the pay revision and introduction of better service conditions. Government has accepted a proposal to constitute private teachers welfare society to extend credit facilities to private teachers for house construction. Working women's hostels are being constructed in all district HQs and other important taluk centres.

## One Year of Left-Democratic Government

As I look back at the working of the Left-Democratic Front Government during the past one year, I would say that, on the whole, I am happy with the progress that we have been able to make during this year. Not that we have been able to rise to the full expectations of the people. In fact, on our own part there were shortcomings and mistakes. The point is that during a period of deepening economic and political crisis, when we find that the one party Governments enjoying considerable majorities in the Legislature are steeped in an unprecedented type of crisis, the Left-Democratic Front Government has been able to function as a team, and implement its declared policies. In fact, we have implemented all the 33-point relief and reform measures announced in the Budget and have proved to be a Government that works.

One of the most significant outcome of the formation and working of this Government is that the politics of Left-Democratic United Front and the policies pursued by this Government and other left Governments are having their own impact on all-India developments. The consistent stand against all forms of extra-coercive power and the upholding of the Parliamentary system and the entire democratic fabric of our society, is the corner-stone of our policies. Programmes like agricultural workers pension, wages to the unemployed, decentralization of power at the district and lower levels, the upgrading and strengthening of the Planning Board, the constitution of Subject Committees to aid Legislative work, Health-card for school children, the Public distribution system embracing the entire people of the State, the implementation of land reforms, and a better deal to the agriculturists, healthier and better labour-management relations, a new approach regarding industrialisation and Centre-State relations are some of the issues on which this Government has broken new grounds. And I would say, despite all the attempts at mudslinging by the leaders of the reactionary forces, the achievements of the past one year stand out in all their brilliance.

## A New Beginning

The implementation of our programme during the past months has made its own impact on other States. Take for instance the Agricultural Workers Pension which has benefited nearly two lakhs of people in Kerala. After Kerala started implementing this programme, the Tamil Nadu Government has also started implementing a more or less similar programme. In West Bengal too there is a similar scheme for Agricultural workers. The Chief Minister of Andhra Pradesh Shri T. Anjiah has declared that he would be introducing pension to the Agricultural Workers in his State. A number of Chief Minister have had consultations with me regarding the scheme. Besides, we have introduced eight other Pension schemes which includes journalists, film and Circus artists, etc.

Our scheme of Unemployment wage to over two lakhs of our youth has made similar impact on other States. The Tamil Nadu Government has introduced a similar scheme but limited to the University graduates. The Governments of West Bengal and the Punjab are also implementing more or less similar schemes.

## Kerala Leads

This year we distributed over Rs 140 crores to the peasants and other weaker sections through Cooperative societies In this matter, comparatively speaking, Kerala tops all other States in India. Besides, we have given relief to the extent of nearly Rs 5 crores to the lower sections of the peasantry with regard to the payment of their loan dues. We gave additional aid and price to paddy and sugar cane cultivators. When the price of cocoa crashed subsequent to the Central Government giving an import licence to the Cadburys, we came to the aid of the peasants by organising a scheme of total procurement at a price 50 per cent higher than what the Cadburys offered. We stood by the rubber and coconut cultivators against undue imports, thus protecting the price of these commodities. With the result, the repeated attempts by Congress(I) and other parties to whip up peasant struggles did not win people's support. At the same time, these steps had their repercussions in other States.

## Land Reforms

On the land-reform front, we have been able to carry forward the task which we began in 1957-59 at the time of the first Communist led Ministry headed by Com. E. M. S. Namboodiripad. Up to now 37 lakhs of tenants have been made owners of the land which they tilled. Besides, nearly 4.5 lakhs of hut dwellers have been made owners of the small plots on which they had built their tiny homes. We are committed to completing the entire process of land reform during the course of the coming year, provided the Centre clears the bills in this connection.

## Not P.D. Act, But P.D. System

The public distribution system has won the unanimous acclaim of the Press and has been commended by the Planning authorities and the Centre. The statutory rationing introduced at the time of the first Communist Ministry has been strengthened and expanded. Today, through 14,350 retail outlets spread out all over the State, on the basis of a ration card for each family, we are distributing rice, wheat, sugar, kerosene, tea, vegetable oil, coarse and medium varieties of textiles, etc. We in Kerala do not believe that Preventive Detention is the way to beat back the price-rise. We believe that an effective public distribution system is the real remedy. Our slogan is not P.D. Act, but the P.D. system.

We have submitted to the Centre a 400-crore scheme to distribute 18 essential commodities through the P.D. system so that we are able to acquire the commanding heights in controlling the prices of essential commodities. For this, it is essential that the State Civil Supplies Corporation should be accorded the same status as that of the Food Corporation of India and that it should be provided with identical facilities. We are yet to hear from the Centre on this scheme.

## Gains for the Working-Class

During this period, the working classes have been able to register new gains. The working classes as a whole, whether in the fields or plantations, in the shops or factories, have been able to win higher wages and fair bonus. This was achieved on the basis of their organised strength, in the main, through negotiations. Labour-management relations have considerably improved than what it was a year ago. The number of man-days lost has come down by about half, compared to the previous year.

## Cost of Living Index Corrected

Besides, we have removed all anomalies in the calculation of the cost of living index, for which the working class all over our country has been agitating for the past many years. This has resulted in substantial gain for workers in real wages running into lakhs of rupees every month.

## Traditional Industries

Taking the industrial sector as a whole, it is the traditional industries like coir, cashew and handloom that dominate, affecting the lives of some 12 lakhs of families. Even though coir is one of the biggest foreign exchange earner, we have not received the necessary aid from the Centre to keep this industry on a normal footing. During the past twelve years, the Centre has given a mere one crore of rupees by way of grant and three crores by way of loan, whereas the foreign exchange earnings of last year alone was about 45 crores. Even this year, Kerala had to finance Rs 3.5 crores for the distress purchase of coir. The attitude of the Centre has not been helpful even in the matter of procuring raw husks for the coir industry. The 60-crore Coir Development scheme submitted to the Centre is still pending without a decision. As for cashew, the crucial problem is the import of raw nuts. Here too the Centre has not cared to come to the aid of the State, but has given import licence to the private sector.

## Attempt at Industrialisation

During the past so many years, not much has been done in the matter of industrialisation of this State. During the last 30 years of planning a mere Rs 381 crores have been invested in our State in the public sector by the Centre. We have repeatedly placed this issue before the Centre.

At the same time, we have taken a new initiative to attract the whole-hearted cooperation of enterpreneurial talent and capital from both within and outside the State. In this connection the discussions with industrialists held at Trivandrum, Madras and Bombay have paved the way for a healthy dialogue and mutual understanding between enterpreneures and this Government on the principles of fair wages and fair profit, as well as mutual cooperation and mutual benefit. Here, I may point out that certain agreements have already been entered into for establishment of certain industries in Kerala and a number of industrialists including Shri Guzdar, Chairman of the Indian Merchants Chamber of Commerce, has assured us that they would be investing in Kerala.

New Approach to Planning

Thus, during the past one year, we have been taking a series of progressive steps in the various fields of our economy. But in the matter of putting everything in the proper perspective, planning plays a crucial role. With this understanding, we have reorganised, upgraded and strengthened the Planning Board with wide powers of planning, monitoring and reviewing.

Together with this should be seen the decision to decentralise power at the district and lower levels. This would guarantee better people's participation in all aspects of administration and thus prepare the grounds for a better democratic way of life. Simultaneously, it would help release the administration from the clutches of bureaucracy.

Along with this, we should also take into consideration the formation of Subject Committees to aid legislative work.

Increasing People's Support

In the foregoing, I have explained in brief some of the steps that we have taken during the past one year to show how we have been working to chalk out a new path of development and democratic way of life. This has influenced the thinking of the people in our State and the popular base of our support has widened and strengthened. This is reflected in our thumping victory in the Nilambur bye-election, and in the elections to 50 Panchayats and 6 Municipalities. [as published] Out of these, the Congress(I) could secure majority only in one Panchayat.

The Harbinger of the New Times

The increasing isolation of the undemocratic forces in the State, has forced them to resort to tactics of violence and murder and at the same time make wild allegations regarding law and order problems. The pattern is the same, whether it is Kerala or West Bengal or some other State. These forces also dream of organising defections in the Left Democratic Front. But I am sure that these dreams will only end up as mere dreams. This Government did not come to power at the mercy of some or other petty groups or vested interests. [as published] This Government rests on the strong foundations of the powerful support of the large majority of the people of Kerala as well as the left and democratic forces all over India. And as the base of the Left Democratic Front in Kerala has got widened and strengthened during the past few months, I find that the left and democratic forces all over India has also gained new grounds. The emergence of the six-party Left Democratic platform at the all-India level and the formation of Left Democratic Fronts in a number of States is the harbinger of the new times. And I am sure that the Left Democratic Front Government of Kerala would be able to present a still more better picture of work in the coming year. It shall be our endeavour to put the entire development of our State on firm democratic rails and at the same time, take a path of reconstruction which would be welcomed by more and more sections of people.

Our policies are an open book. We do neither encourage defections nor organise defections. We are against all types of political horse-trading. At the same time, I would like all parties and forces which are opposed to communal and authoritarian forces to come and rally together with us to further broaden and strengthen the Left-Democratic forces.

CSO: 4220

MAHARASHTRA MOVES TO RESTORE POLICE DISCIPLINE

Bombay THE TIMES OF INDIA in English 29 Jan 81 p 1

[Text] Bhopal, January 28--The Madhya Pradesh government today dismissed 135 police personnel in Gwalior in a firm bid to restore the shattered discipline in the police force of the state.

The action, first of its kind in this state, brings to a climax an eventful week of indiscipline and agitation involving police personnel following a holocaust in a sweetmeat shop in which one person was burnt alive and a few others injured.

BSF units are reported to be guarding strategic places in Gwalior. So far, no report of repercussions had been received from any place except condemnatory statements on behalf of the policemen's association.

The dominant reaction among officials as well as public is that the action was overdue. Among the constabulary some were seething with rage but by and large their reaction was muted and subdued.

In recent weeks, Gwalior, Shahdol and Indore have been virtual storm centres of police indiscipline and defiance.

The chief minister, Mr Arjun Singh, who announced the dismissal of the police personnel at a press conference, however, said he would not like to link up the incidents at various places with one another unless there was evidence to the contrary.

According to official sources, the dismissal orders, signed by the governor, Mr Ghatwat Dayal, Sharma, have already been served on 127 police personnel, and the formal process against the remaining personnel is expected to be completed shortly. The dismissed include one sub-inspector, one assistant sub-inspector, 23 head constables and 110 constables--all belonging to SAF and Gwalior district police.

They are alleged to have participated in a nine-hour long demonstration in front of the Gwalior mela police station and indulged in several acts of lawlessness on the night of January 20 to force the authorities to release on bail six constables and home guards arrested in connection with incidents at the sweetmeat shop.

It is learnt that the dismissal orders were passed by the governor on Monday under article 311 (2)(C) of the constitution (the security of the state).

According to this provision, the governor, when satisfied, can dismiss a government employee and order that in the interest of security of the state it is not expedient to hold a departmental inquiry into the charges against the government employee concerned.

The state government had come to the conclusion that the recent incidents of indiscipline and disobedience of orders by the police personnel constituted a threat to the security of the state. Ultimately, it had to recommend to the governor that action should be taken under this provision, according to official sources.

UNI adds:

The border security force today took control of the armouries and magazines of most of the police stations and the battalion headquarters of the state special armed force and SCC in the city in the wake of police unrest brewing since January 18, when violent clashes took place at the annual fair here.

Official sources said about 100 policemen had been served dismissal notices and prohibitory orders under sec. 144 Cr PC were clamped in the city for an indefinite period.

The sources said some arrests had been made, but refused to disclose the number.

Police association sources said 235 men had been served dismissal notice, but officials did not confirm this.

BSF jawans had taken up "quarter guard duty," the sources said.

Six policemen and six home guard jawans were arrested and later bailed out for their alleged involvement in the January 18 incident, in which one person was killed and 19 were injured.

Senior magistrates and police officials have taken up duty at the second battalions of the SAF and at various police stations.

At the city police control room, a few buses of the state roadways and an ambulance were seen stationed. Jeeps had also been requisitioned from various government departments.

Reports of movement of BSF jawans at the district town of Morena have also been received.

TAMIL NADU GOVERNOR ADDRESSES STATE PARLIAMENT

Bombay THE TIMES OF INDIA in English 22 Jan 81 p 4

[Text] Madras, January 21. The Tamil Nadu government would try to make the use of Tamil all Pervasive, the governor, Mr Sadiq Ali, told a joint session of the Tamil Nadu legislature here today.

The speakers of the parliaments of Sri Lanka and Mauritius and the Lok Sabha, who were in the distinguished visitors' gallery, heard the governor tell the members of the house that the government would go all out to implement the principle 'Engum Tamil. Ethilum Tamil" (Tamil everywhere and Tamil in everything).

In his address, which in effect outlined the views and policies of the all-India Anna DMK government headed by Mr M. G. Ramachandran, the governor expressed Tamil Nadu's gratitude to the prime minister. Mrs Indira Gandhi, for attending the closing session of the world Tamil conference at Madurai and "reiterating the assurance given by the late Pandit Jawaharlal Nehru that Hindi would never be imposed on Tamil Nadu."

He said the world Tamil Sangam, proposed to be established at Madurai would have complete academic autonomy. It would have branches in various parts of the world. It would be staffed by Tamil scholars engaged in intensive research. He requested the Centre to give scholarships liberally to foreigners visiting the country to learn Tamil and also help the state government to send Tamil teachers to foreign countries where the domiciled Tamils wished to learn the language.

On the ticklish issue of prohibition, which had been considerably relaxed by the AIADMK government soon after its return to power in June last year, the governor requested members to give their frank opinion not only on how best "this beneficial measure" could be implemented, but on "whether any rethinking on the policy itself is warranted."

Outlining the measures of the state government to deal with pressing problems, the governor said the government had strengthened the public distribution system with a fair-price shop in every revenue village. For increasing production, the state government suggested to the Centre that farmers be given incentives like higher procurement price and supply of inputs at reasonable prices so that the consumer price was not increased.

Self-Sufficiency Plan

The self-sufficiency scheme now under implementation in 69 of the 376 blocks in the state at an estimated cost of Rs 43 crores would be extended to 120 more blocks during the coming financial year.

The food-for-work programme, now modified and restructured as the national rural employment programme, would be implemented with the utmost vigour to help the rural poor.

The governor said because of the recent hike in the prices of petroleum products a rise in bus fares was inevitable.

The government would deal firmly with those perpetrating atrocities on the weaker sections of society, particularly the scheduled castes and tribes. Separate police units to deal exclusively with such crimes were functioning in the districts. He said a police officer of the rank of D.I.G. had been appointed to enforce the provisions of the protection of civil rights act.

CSO: 4220

COMMERCE MINISTER CALLS FOR DYNAMIC EXPORT DRIVE

New Delhi PATRIOT in English 25 Jan 81 p 5

[Text] Commerce Minister Pranab Mukherjee on Saturday told Indian exporters to adopt aggressive role in pushing the country's merchandise abroad in order to reduce the widening trade gap, which would be more than Rs 4,000 crores during the current financial year.

He was addressing a meeting of the chairman and secretaries of the export promotion organisations.

The Minister also urged the Indian entrepreneurs to accept challenges of the export market and diversify their exports in new and non-traditional items.

He pointed out that the Government had recently taken several policy measures to remove the constraints faced by the exporters and assured them that further steps would be taken in this direction, if needed.

Analysing the trends in the export scene during the last decade, Mr Mukherjee pointed out that although our exports had increased from a modest figure of about Rs 1,413 crores in 1969-70 to Rs 6,428 in 1979-80, the growth had been erratic. For instance, the country had registered a growth of about 31 per cent in 1974-75, but it came down to only 5.2 per cent in 1978-79.

Referring to the draft sixth five year Plan, which envisages a growth rate of 9 per cent in real terms during the plan period, Mr Mukherjee said potential areas of growth should be identified so far as the export sector was concerned.

In this connection he referred to the high potentialities of the agriculture sector and said that while the country was a net importer of foodgrains throughout 1960s and even as late as mid-seventies, it had now emerged as a net exporter of foodgrains.

"We have fixed a target of about Rs 935 crores worth of exports of agricultural products during the current year and I feel we have almost reached the target," he added.

The meeting during its day-long session, reviewed the export performance and export targets commodity-wise, and also discussed long-term and short-term strategy for a substantial break through in exports.

It also reviewed a package of export assistance measures and common problems, functional and infrastructural applicable to export promotion organisations.

Mr Khurshid Alam Khan, Union Minister of State for Commerce also attended the meeting which is also being attended by representatives of exporting organisations, leading exporters and senior officials of Commerce and other Ministries.

Several exporters who participated in the deliberations were critical of the manner in which Government handled affairs relating to exports. They wanted more dynamic measures including more meaningful incentives by the Government to boost exports.

CSO: 4220

# AMBASSADOR TO ARGENTINA TELLS TRADE POSSIBILITIES

New Delhi PATRIOT in English 21 Jan 81 p 5

[Text]

HIGH level business delegations from India will visit Latin America in the next few months to explore opportunities for further industrial and trade tie-ups with the fast developing countries in the region, reports UNI.

The Union Commerce Minister is also expected to visit Argentina after the budget session of Parliament to finalise a new trade agreement with that country.

At a meeting organised in New Delhi on Tuesday by the Association of Indian Engineering Industry (AIEI) specific measures required for increasing cooperation between India and Argentina — a major developing country in the area — were discussed.

Mr R K Anand, Indian Ambassador to Argentina, and representatives of the Argentine Embassy in India took part in the discussions besides leading Indian manufacturers of engineering from private and public sectors.

Mr Anand told the Indian industrialists that they could make an entry into the rich market of Argentina and the neighbouring Brazil provided they made serious efforts immediately.

Mr Anand said Argentina was launching a major industrial expansion programme from this year offering vast scope for collaboration in the fields of agriculture, mineral exploration, power generation, telecommunications and road and rail transport. If the Indian manufacturers acted fast, they could succeed in getting a fair share of the emerging markets in Argentina for a variety of goods and services.

## CLOSE TIES

Argentina, Mr Anand said was having friendliest of relations with India and the present opportunity should be utilised to the best advantage.

Mr Hector Niki, commercial counsellor in the Argentina Embassy, suggested that there was lack of information in this country about the capabilities of Indian industry. To bridge the communication gap, India should try to organise a specialised Indian trade fair in Argentina besides participating in the fairs organised regularly there. There should also be exchange of delegation.

Argentina, he said, was keen to get participation of India in its economic development.

Mr H S Vahali, India's Ambassador in Brazil, said that the main initiative for promoting trade relations with Latin American countries in general and Argentina in particular should come from the Indian side. It was a competitive market and if Indian manufacturers wanted to have a share in the market, they should try hard.

Mr Rahul Bajaj, who led a business delegation to Latin America last August, said that Argentina was one of the most sought after markets in Latin America.

It had already been identified that Indian industry could collaborate with Argentina successfully in machine tools, power equipment, railway equipment and agricultural sector. The cooperation could be for exports, manufacturing arrangements, transfer of know-how and joint ventures.

CSO: 4220

# SOVIETS TO AID IN ACTIVATING IDLE OIL WELLS

New Delhi PATRIOT in English 21 Jan 81 p 3

[Text]

MOSCOW, Jan 20—The Soviet Union is to assist India in repairing and commissioning drilled oil wells standing idle, said Soviet Deputy Minister of Oil D Takoyev, in an interview to APN.

'According to our estimates,' the Soviet Deputy Minister said, "he commissioning of these wells will allow India to produce an additional one million tonnes of oil annually.'

The Soviet Deputy Minister further said that under the new Soviet-Indian agreement on technical and economic cooperation signed during Leonid Brezhnev's visit to India in December last, various operations, including geophysical research and industrial drilling, will be undertaken in the areas promising oil and gas on Ind'an territory. The Soviet specialists will also assist in developing the oil fields there.

The agreement also provides for carrying out works to increase the output of operating oilfields through new techniques.

The Soviet Deputy Minister said that together with Indian counterparts, 'we will continue and soon complete work on a programme of comprehensive development of India's oil industry till 1990 Soviet organisations will, as before, help India run oilfields and drill deep and superdeep wells. They will continue supplying India with equipment and spare parts besides the know-how .

CSO: 4220

SOVIET OFFICIAL DESCRIBES POWER GRID ASSISTANCE

New Delhi PATRIOT in English 21 Jan 81 p 5

[Text]

THE Soviet Union will assist India in the establishment of a national power grid to ensure uninterrupted and reliable supply of electricity, Soviet Deputy Minister of Energy and Electrification N A Lopatin said on Tuesday, reports PTI.

He said in an interview that talks were already in progress between Soviet side and officials of the Indian Energy Ministry to determine the optimum level at which power supply should be transmitted on the transmission network.

About 1,000 km of transmission lines would be laid as part of the agreement between the two countries to develop power cum coal complex at Singrauli and other areas. The Soviet Minister who is in New Delhi to attend the three-day Joint Commission meeting beginning 22 January, recently visited the site of the Singrauli complex where a 3,000 MW power station is to be set up.

Mr Lopatin said that it was agreed at the meeting with Indian officials that two experts from the Soviet Union will visit this country to study conditions in which transmission of power could be effected from the power stations.

Later in March Soviet specialists will consider India's requirements in the field of power transmission. A team of Indian engineers will also visit Soviet power stations to study generation and transmission systems.

CSO: 4220

# FRANCE, NATION REAFFIRM NEED TO INCREASE TRADE

New Delhi PATRIOT in English 30 Jan 81 p 3

[Text]

PARIS, Jan 29 (AFP) — India and France reaffirmed the need to increase trade during a meeting of a joint committee here, at a time when the two countries' small commercial exchanges have been out of proportion to the size of their respective economies.

"Our trade has not lived up to our expectations, and we are determined to develop it," Michel Cointat, the French Foreign Trade Minister and Minister of Trade Steel and Mines Pranab Mukherjee said on Tuesday in a joint statement.

Mr Cointat emphasized that the contract signed on 9 January by a French firm for the construction of a bauxite-alumina aluminum complex in India showed the will to increase cooperation.

He said the most advanced projects now under study by the two countries concerned energy, especially oil and coal.

Mr Mukherjee stressed his country's desire for foreign investment and said that India did not discriminate between foreign and national investors.

The joint committee's concluding report said that trade between the two countries remains low, with 1,711 million francs (364 million dollars) in French exports to India in 1979 and 1,472 million francs (313 million dollars) in Indian exports to France.

In an estimate based on the data from the first 11 months of 1980, it was believed that Indian exports to France last year would be about 1,517 million francs (322 million dollars) and French exports to India worth 1,430 million francs (about 304 million dollars).

French exports to India totalled just 0.27 per cent of all of its exports and just 2.7 per cent of all India's imports.

CSO: 4220

PRC REPORTEDLY MOVING TO IMPROVE RELATIONS

Madras THE HINDU in English 25 Jan 81 p 1

[Text] New Delhi, Jan. 24. China is waiting for an appropriate occasion to announce its readiness to permit groups of Indian pilgrims to visit Kailash and Mansarovar on the Tibetan side of the border as a token of its earnest desire for normalisation of Sino-Indian relations.

These two holy places were open to Indian pilgrims from time immemorial, but the Chinese closed the passes even before the border conflict by extending their territorial claims.

According to some top diplomatic sources, the Chinese Government would like to make this offer, as a special concession to Indian sentiment, during the visit of its Vice-Premier and Foreign Minister, Mr Huang Hua, to Delhi.

There have been no official exchanges yet about mutually convenient dates for this visit, but there have been enough indications from Beijing that the Chinese Foreign Minister would like to do so after the central committee meeting of the Chinese Communist Party which is expected to take place in March or April depending on the domestic political situation.

Republic Day Greetings: The Chinese Embassy in Delhi handed over today two messages of greetings--one from the Chairman of the Standing Committee to the Chinese People's Congress, Mr Yei Janying, to the President, Mr Sanjiva Raddi, and the other from the Chinese Premier, Mr Zhao Ziyang, to the Prime Minister, Mrs Indira Gandhi,--on the occasion of Republic Day, which are considered to be quite significant.

The message to Mrs Gandhi this year is much more warmly worded than the one sent last year by the former Premier, Mr Hua Guofeng, in the sense that it speaks of recent improvements in Sino-Indian relations.

When the Chinese Foreign Minister visits Delhi, he is expected to bring along an invitation to Mrs Gandhi to pay a visit to China to carry forward the efforts for normalisation. But otherwise there are no hints from the Chinese side whether they are ready to discuss substantive issues like the border problem in the midst of their domestic political turmoils which are considered to be much more serious than what is generally known abroad.

Pressmen Coming: The Chinese are sending a party of three journalists to cover the non-aligned Foreign Ministers' conference next month and one of them will stay on in Delhi as part of the reciprocal arrangement under which PTI has already posted a correspondent in Beijing. The Chinese are also offering facilities for other Indian journalists wanting to visit China in the near future.

Another significant indicator of the Chinese readiness to resume the interrupted dialogue is that they are no longer citing the Indian recognition of the Heng Samrin regime in Kampuchea as a stumbling block to normalisation.

On the contrary, the Chinese leaders are reported to have advised the Pakistan Foreign Minister, Mr Aga Shahi, during his recent visit to Beijing to try to improve the relations with India to stabilise Pakistan's own position in the wake of the Soviet intervention in Afghanistan.

But it is too early yet to come to any definite conclusion on the basis of such signals, that China is really ready for a serious dialogue to settle the border problem. As Mrs Gandhi has pointed out on more than one occasion in recent months, India has to wait for firmer indications of meaningful changes in China's attitude before jumping to the conclusion that the new leadership in Beijing is serious enough, and also strong enough, to seek a just settlement.

And the mere permission to Indian pilgrims to visit Kailash and Mansarovar may not go a long way in creating the right climate for reconciliation, unless it is followed by other positive moves for normalisation.

CSO: 4220

REPUBLIC DAY GREETINGS FROM SOVIET LEADERS

New Delhi PATRIOT in English 26 Jan 81 p 3

[Text] New Delhi, January 25: Following is the full text of the message of greetings sent by L. I. Brezhnev, General Secretary of the CPSU Central Committee, President of the Presidium of the USSR Council of Ministers, to Neelam Sanjiva Reddy, President of the Republic of India, and Indira Gandhi, Prime Minister of India, on the occasion of the 31st anniversary of the foundation of the Republic:

His Excellency, Mr Neelam Sanjiva Reddy, President of the Republic of India
Her Excellency, Madame Indira Gandhi, Prime Minister of the Republic of India
Delhi

On behalf of the Soviet people, the Presidium of the USSR Supreme Soviet, the Soviet Government and on our own we cordially congratulate you, the Government and the people of the friendly India on the occasion of the 31st anniversary of the foundation of the Republic.

The Soviet people entertain the warmest feelings of sympathy and friendship towards the people of India and are sincerely happy with the achievements of your country in the developing of national economy and culture, the strengthening of sovereignty and independence and in the struggle for peace and progress.

The time-tested Soviet-Indian relations of close friendship and all-round mutually beneficial cooperation are characterised by their stability, magnitude and profoundness and present a striking example of peaceful coexistence of states with different socio-economic systems. They are steadily developing in the interests of our peoples, and for the good of peace in Asia and the world. The recent summit meeting and the talks held in Delhi have become a significant historic landmark on the path of further strengthening of friendship between the Soviet Union and India, added new contents to the Soviet-Indian relations and made a ponderable contribution to the cause of peace and international security.

We express our firm confidence that the close cooperation between our countries in different spheres will steadily strengthen and develop in accordance with the Treaty of Peace, Friendship and Cooperation, for the good of the peoples of the USSR and India and for the sake of consolidating the world peace.

We sincerely wish you good health and success and progress and prosperity to the friendly Indian people. L. Brezhnev N. Tikhonov
Moscow Kremlin--January 25, 1981 --TASS

CSO: 4220

# INDO-BRITISH ECONOMIC COMMITTEE MEETS IN DELHI

New Delhi PATRIOT in English 23 Jan 81 p 5

[Text]

**THE Indo-British Economic Committee has noted that the growing imbalance in the trade between the two countries called for the creation of a favourable atmosphere by removal of constraints and adoption of concrete steps for improving access for Indian exports to the UK market.**

The agreed minutes of the four-day fourth meeting of the Committee was signed on Thursday in the Capital by Commerce Minister Pranab Mukherjee and British Secretary of State for Trade John Biffen.

It was pointed out during the meeting that, in the context of the widening deficit in India's foreign trade, it would be difficult for India to maintain a liberal import policy which had benefited UK among other developed countries if India's exports to the developed markets did not pick up sufficiently.

In this connection, a suggestion emerged for deputing a high level trade mission from India to the UK for identifying areas in which Indian exports could be increased. On the basis of this, the Government of UK would be prepared to help the Indian enterprises through training and other steps including developed market techniques.

**TEXTILES**

The Indian side emphasised the need for taking a liberal view in allowing clearance of folklore textile items which were held up by the British customs.

It also felt that any future regulations which singled out cotton textiles, predominantly exported by India, in the absence of any overall policy of textile regulation would be discriminatory and would hurt Indian exports.

The committee agreed on evolving a mechanism for expeditious settlement of such trade disputes in future.

The British Government was proposing to ban import of groundnut and cotton seed extractions.

The British side, however, assured that appropriate means would be found to import groundnut and cotton seek extractions from India to meet the necessary animal health requirements. There would be no discrimination in this matter vis-a-vis other animal feeds such as soyabean extractions and maize.

In the context of negligible share of Indian shoes in the total UK imports of footwear in 1980, the Indian side expressed the hope that Indian exports of footwear would not be subjected to any restraint or surveillance of any kind.

The committee noted the importance of UK markets for India's exports of unmanufactured tobacco and expressed concern at the decline of about 21 per cent.

The Indian side suggested introduction of some minimum standards by the UK Government in the larger interest of the consumers and to provide fair return to the quality tea growers of India.

**SAFEGUARDS**

There was exchange of views on issues concerning Indo-EEC relationship, particularly in regard to the multi-fibre arrangements, agreement on safeguards code and government procurement. It was hoped that, it would be possible to revert to the original multi-fibre arrangements with special reference to continuance of handlooms and handicrafts concessions, liberal growth rates and flexible provisions, assurance of adjustment by developed countries and strengthening of the enforcement mechanism.

Referring to the relatively low volume of engineering exports to the UK, it was agreed that effective steps be taken to rectify the situation.

The British side expressed interest in participating in India's development programmes in the fields of coal, coal mining, machinery, steel industry, railways, machine tool industry, process plants, automative industry, electronics and communications system.

The UK is India's one of the major trade partners. The balance of trade between India and the UK was in India's favour up to 1977-78. It turned adverse in 1978-79 and since then the trend has continued.

CSO: 4220

ARKHIPOV SPEECH TO INDO-SOVIET COMMISSION REPORTED

New Delhi PATRIOT in English 23 Jan 81 pp 1, 9

[Text]

**THE Soviet Union has reaffirmed its full support and co-operation to India's emphasis on fuel and power development and has suggested that the expansion of the Bokaro and Bhilai steel plants to 5.5 million tonnes capacity be examined "for this year itself" to achieve increased production with reduced capital investment."**

Soviet First Deputy Prime Minister Ivan Y Arkhipov made the proposal in his address at the plenary session of the sixth meeting of the Indo-Soviet Joint Commission on Thursday, and later reiterated it while speaking at a dinner hosted by External Affairs Minister P V Narasimha Rao.

Mr Rao and Mr Arkhipov are joint chairmen of the commission which will meet again on Friday when a number of protocols and agreements are expected to be signed.

Mr Arkhipov arrived in the Capital on Thursday morning to lead his country's delegation at the talks. Mr Arkhipov is accompanied by Coal Industries Deputy Minister V V Belly.

The Commission's discussions in the two days are to give a practical shape to the agreements signed between India and the Soviet Union during the visit of Soviet President Leonid I Brezhnev last year. In their respective speeches at the meeting, both Mr Rao and Mr Arkhipov said the decisions of the Commission would be fruitful. Mr Rao assured that once the commission concluded its meeting, the implementation of the directives would get on well.

In his address at the Joint Commission, the Soviet Deputy Prime Minister said the agenda of the session not only covered the projects stipulated in the economic agreement signed during Mr Brezhnev's visit but also new directions and projects of cooperation not included in it. Work on these had been carried out by Soviet and Indian organisations, he added.

Mr Arkhipov said the details of supplies for the plant, schedule of construction and dates of commissioning of some of the units should be finalised before the comprehensive project report was approved.

He said the agenda of the session not only covered the projects stipulated in the new agreement signed during the recent visit of Soviet President Leonid Brezhnev, but also new directions and projects of cooperation.

## COAL COMPLEXES

Mr Arkhipov said India's emphasis on fuel and power development had received the "full-est understanding and support" of his country. He hoped the six-day session would discuss concrete steps for speedy implementation of the two major coal complexes envisaged in the agreement.

In view of the long gestation between discovery of an oil reserve and its commercial exploitation, Mr Arkhipov suggested fuller utilisation of existing oil wells and activisation of idle ones.

For the same reason, he suggested continuing scrutiny of the alumina project in Andhra Pradesh to reduce the time for preparatory work.

He noted that Indian machine-building industry was mastering production of new types of equipment to be supplied to the Soviet Union and third countries. Soviet organisations, he added, were cooperating with the Hardwar Heavy Electrical Equipment plant in the production of new types of equipment, in introducing advanced technology and improving methods of production.

Mr Arkhipov felt that it would be worthwhile to see how the order book of the heavy machine building plants would be at the end of the sixth Plan in order to prepare for the production of required machinery, including equipment for nuclear power stations.

He said the new sphere of cooperation like medical, food, building material industries and irrigation would bring in tangible results for the development of the economies of two countries.

He said the trade turnover of 1980 was about Rs 15 billion, and the new trade agreement for 1981-85 stipulated growth by one-and-a-half to two times.

He urged the commission to consid., long-term prospects of exporting products to the Soviet Union to provide employment to the Indian people and to derive benefits from the international division of labour.

Earlier Mr Arkhipov was accorded a warm welcome when he arrived at the Delhi airport leading the Soviet delegation for the commission talks.

He was received by External Affairs Minister P V Narasimha Rao, who is the co-chairman of the commission.

Mr Arkhipov said he was convinced that the decisions of the commission would be 'fruitful' and as in the past, it would be held in an atmosphere of friendship and cordiality.

Mr Rao also said the results of the commission meeting would be 'certainly fruitful'.

He assured that once the commission concluded its meeting, the implementation of the directives would get on well.

Mr V V Beliy, First Deputy Minister of Coal Industry of the Soviet Union, is accompanying Mr Arkhipov.

CSO: 4220

POLAND TO AID IN COAL MINING DEVELOPMENT

Madras THE HINDU in English 20 Jan 81 p 7

[Text]

NEW DELHI, Jan 18.

Polish specialists are expected to visit India shortly to assist in a number of coal mining schemes.

This is the outcome of the discussions held here in the last few days between a visiting Polish delegation and the Union Energy Ministry.

The Polish delegation, led by Mr. Ryszard Karski, Minister for Shipping and Foreign Trade, had a meeting with the Union Energy Minister, Mr. Ghani Khan Choudhry, and reviewed the cooperation between the two countries in the sphere of power and coal.

The Polish delegation included Mr. Prusek, of Kopex, the Polish mining organisation which had already prepared a detailed project report for reconstruction and development of the Jharia coalfield to improve coking coal output.

The memorandum of understanding, that emerged from the discussions, envisages Polish assistance for a number of coal mining schemes.

The Polish experts will assist Coal India in sinking shaft to a depth of 400 metres in the Poothee-Bakhuri mines.

The Indian delegation expressed interest in the preparation of a project report for the production of precious prime coking coal from the Madhuband-Phularitand mines and Bhowrah in Jharia coalfield.

Polish assistance for the extraction of coal from the thick seams at Bakhuri and Bararee collieries by the Longwall caving method was discussed. India welcomed cooperation for mechanised extraction of standing pillars in some of the mines in the Raniganj and Jharia coalfields. The Polish delegation agreed to depute their specialists during the first half of this year.

**Thermal Generating Sets**

The Polish side expressed interest in the supply of small capacity thermal generating sets to reduce power shortage, particularly in the coal belt.

CSO: 4220

MAHARASHTRA CHIEF MINISTER TELLS PLANS

Bombay THE TIMES OF INDIA in English 23 Jan 81 p 1

[Excerpts] Aurangabad, January 22.

The Maharashtra chief minister, Mr. A. R. Antulay, after an unscheduled cabinet meeting here today, announced a Rs. 500-crore 34-point, time-bound programme for the development of the marathawada region.

Talking to pressmen, he said a committee under the presidenship of the chief secretary had been set up to take necessary decisions and steps to implement the programme. [as published] The divisional commissioner would be the chairman of the committee.

The major programmes included the completion of the first and second stages of the Jayakwadi irrigation project, the setting up of a 210-MW unit of the thermal station at Parli and 12-MW hydel station at Paithan, near the Jayakwadi project.

Mr. Antulay said that a dental college would be set up in the region this year. During the next five years, a minimum number of five co-operative sugar factories, two co-operative cotton oilseeds factories, ten spinning yarn mills and a unit of the Maharashtra Electronics Corporation would be established.

HMT Unit

He said he would discuss with the railway minister and, if necessary, with the Prime Minister the conversion of the Manmad-Aurangabad metre-guage line into broad guage.

The chief minister said the roads connecting every taluka in the region would be made tarred. The construction of three national highways--Solapur-Osmanabad-Bhir-Dhule, Thane-Manmad-Nirmal and Hyderabad to Akola--would be recommended to the Centre.

The chief minister said that a diagnosis unit of a cobalt plant for cancer treatment would be opened in Aurangabad tomorrow.

The Hindustan Machine Tools would start a unit in the public sector. A small truck factory, a plastic fibre unit and a textile mill would also be set up in the private sector.

Mr. Antulay said his government proposed to set up a dairy in the region on the lines of the Anand dairy in Gujarat and its location would be decided later. An engineering college and a polytechnic would also be set up in the region.

He said that a factory of the Maharashtra Leather Development Corporation would be established at Georai in Bhir district this year which would provide employment to about 4,000 people.

Three districts of Marathwada--Aurangabad, Bhir and Osmanabad--would be covered under the "Operation Flood".

He hoped that a division bench of the Bombay high court would be set up in Aurangabad within a year. He had already held discussions with the chief justice of India and the Union law minister.

Efforts would continue to get a TV centre for the region, he added.

Mr. Antulay announced that his government would take up the responsibility to carry out the decisions taken by all previous governments in the state with regard to the development of the region.

CSO: 4220

## RAO SPEAKS AT DELHI CPI STATE COUNCIL MEETING

New Delhi PATRIOT in English 28 Jan 81 p 10

[Text] Communist Party of India general secretary C Rajeshwara Rao on Tuesday said that the country could not be defended effectively against external danger without defending the interests of the masses against the anti-people and anti-democratic policies of the present Government.

Mr Rao was addressing a meeting of the Delhi State council of the CPI. Mr Rao rebutted the claim of the Prime Minister that popular agitations were uncalled for against the background of external threats to the country's security.

He called upon the activists to be always in the forefront of struggles of workers, peasants, youth, students, women and other sections of the society. Mr Rao emphasised that these struggles were essentially against monopolists, big traders and profiteers who have been allowed by the Government to loot the people as they desired.

### Big Business Role

CPI central executive committee member M Farooqi said that the Indian big business houses afraid of the growing movement of unity of left and democratic forces were fully backing the emergence of reactionary alternative around BJP."

CPI Delhi State council secretary Prem Sagar Gupta declared that the party along with other left and democratic forces would intensify the struggle for building a powerful public distribution system to check price rise.

Delhi trade union leader B D Joshi announced that the working class of the Capital would go on a day's token strike in support of people's demand as well as for a minimum wage of Rs 500.

The meeting was presided by assistant secretary of the party's Delhi State unit S Manna and was also addressed by Dr Raj Bahadur Gaur and Mrs Vimla Farooqi.

CSO: 4220

PUNJAB CPI SECRETARY HOLDS PRESS CONFERENCE

New Delhi PATRIOT in English 28 Jan 81 p 4

[Text]

CHANDIGARH, Jan. 27.

PUNJAB CPI secretary Avtar Singh Malhotra said today that the proposed "rasta roko" agitation on 1 and 2 February next was only a "dress rehearsal" for far bigger mass satyagraha, gherao of all Ministers opposed to people's demands, long marches to the Capital, Punjab bandh and mass refusal to pay the increased bus fares.

Addressing a press conference here, he said the front was committed to continue its struggle until the demands were met.

The mass action after 'rasta roko' agitation will include the Chief Minister's gherao whenever he goes out, Mr Malhotra added.

Asked to enumerate the minimum demands, he said nothing short of suspension of bus fare increase pending the setting up of an all-party legislators committee to review the situation was acceptable. Regarding the police firing, a legislators committee under the Speaker's chairmanship would satisfy the front.

He clarified that there was complete agreement among the three-party alliance partners over the issue of nationalisation of transport. The Akali Dal leaders have already explained their stand at the mass rally on the occasion of Assembly gherao on 21 January. His party and the CPM were already committed to it. "We rather want complete nationalisation of bus transport rather than half-hearted attempts", he said adding that, in his view, there was absolutely no need for the resolution. If the Government was sincere it should have gone out with the nationalisation by 1980 to which it was committed.

Congratulating the front workers for the success of the 21 January Assembly gherao, Mr Malhotra said it was most regrettable that the Darbara Singh Government should have acted 'most foolishly'. The front had desired it to act positively and sensibly and see the writing on the wall, he said.

He said preparations were underway for the next phase of the struggle. The front was working for the involvement of millions of people.

Seeking 'advance apologies' for the inconvenience the 'rasta roko' phase of the agitation would put the people to, Mr Malhotra said in every block eight to 10 places were being selected for the agitation. The strategy planned was the widest deployment of popular forces to counter all possible police measures. The united front workers would go underground if raids and arrests were attempted.

CSO: 4220

AICC(I) REFUSES TO POSTPONE ORGANIZATIONAL POLL

Calcutta THE SUNDAY STATESMAN in English 25 Jan 81 p 7

[Text] The request by an influential section of the West Bengal Pradesh Congress Committee(I) for a postponement of the party's organizational election in the State has been turned down by the party's high command. Mr Shyamsundar Mahapatra, the AICC(I) general secretary, announced in Calcutta on Saturday that the party's organizational election in West Bengal would be held according to schedule.

He said that the president of the Congress(I), Mrs Gandhi, was keen on replacing the ad hoc committees in different States by elected bodies. The AICC had received requests from some of the States for postponement of organizational elections in those States, but the high command was determined to hold the elections because it was felt that much of the current factionalism in different State parties would disappear once the election was held.

Mr Mahapatra said that enrolment of primary members would be completed by February 15 and the block-level election would begin in March. The party election would be completed by May. There was no need for any change in the WBPCC(I) leadership since the organizational election would be over in another four months.

The AICC general secretary said that the high command had decided to take strong steps against party members whose conduct might create confusion among the rank and file or weaken the party. Necessary directives would soon reach the offices of the Pradesh Congress Committees. The directives, he said, would be equally applicable to "high and low".

Asked whether the AICC would take any action on the charges levelled by Mr Subrata Mukherjee against the WBPCC(I) president, Mr Ajit Panja, he replied that West Bengal's case was slightly different because the party was not in power in the State and was busy fighting the CPI(M) which was strongly entrenched in the State. A policy of persuasion would be followed in West Bengal to bring together the rival groups.

UNI adds: The AICC(I) general secretary, Mr Vasantrao Patil, has expressed disappointment at the pace of enrolment of members by the party units in the States. In a letter to the presidents of PCCS and DCCS yesterday, Mr Patil said no satisfactory progress was visible in this direction in States other than Haryana and Uttar Pradesh.

He wondered how in such a situation the party would be able to achieve its target of enroling 10 million members by February 15 as decided.

CSO: 4220

## POLITICAL PARTIES REPORTEDLY EXPLOIT ASSAM STALEMATE

Calcutta THE STATESMAN in English 26 Jan 81 p 9

[Text] Gauhati, Jan. 25.--Political parties and groups are exploiting the stalemate in Assam over the foreign nationals issue, creating a potentially dangerous situation. The Assam Government has warned its employees that boycott of Republic Day celebrations will be considered an act of indiscipline, and action will be taken against those guilty. Political leaders are critical of the boycott decision. A senior Janata leader considered it anti-national.

The moderates in AASU are under pressure to dramatize their protest (the AASU executive is said to be discussing the next phase of the agitation). The "hawks" see a threat to their existence in Mrs Taimur and her supporters, who include dynamic people like Mr Golam Osmani, a Cabinet Minister.

The Cabinet is unfortunately not cohesive; Mrs Taimur is yet to establish her authority. The Finance Minister, Mr Keshub Gogoi, has the distinction of having helped topple two ministries in a short span. He may still attract a diverse group including known critics of Mrs Taimur who, incidentally has not expanded her Cabinet to accommodate all aspirants. The threat of dissolving the Assembly is the ruling party's trump card but that need not prevent struggle within the Congress(I). And the indications are that the fighting has begun.

Despite denials, the AASU meeting at Jorhat earlier in the month was an emergency session. The students had to decide whether they had the strength and support to reactivate the movement or settle for tripartite talks, with national parties like the BJP and Janata having a stake in an eventual settlement. The hardliners at Jorhat could count on the support of NERSU (North-East Region Students' Union), which has a fairly militant image. NERSU itself ended a four-day national convention on January 17 at Tezpur on the north bank of the Brahmaputra. Its resolutions have not been made public but observers say it pledged all-out support to AASU.

The general-secretary of AASU, Mr Bhrigu Phukan, told this correspondent that AASU's relations with NERSU would be decided when the latter adopted a constitution; which must have happened at Tezpur. Reports of AASU having split with the Gana Sangram Parishad are exaggerated but reveal fears about the parishad having been infiltrated allegedly by the Congress (I).

Broadly speaking, there are three types of student factions now. One advocates a return to traditional academic life; another, a minority, is tempted by political

allurements and the third wants a "mixture"--academic life with an agitation till stated objectives are achieved.

AASU, meanwhile, appears to have isolated itself by welcoming the BJP leader, Mr Vajpayee's seven-point formula. [as published] Mr Vajpayee and four party leaders toured lower Assam, particularly the Nalbari sub-division of Kamrup district and Rangiya to study alleged police atrocities and other forms of repression. Mr Vajpayee postponed his departure from Gauhati for two days, awaiting the return of AASU leaders from the NERSU convention. He met the Governor in Shillong.

The Secretary to the Prime Minister met the Governor very recently, landing in Shillong by helicopter straight from Borjhar. Senior officials of the Home Ministry are commuting between New Delhi and Gauhati. Coupled with Mr Venkatasubbiah's tour of India's border with Bangladesh, and Mr Makwana's visit to Assam expect the Centre to announce further steps to seal the border and deport post-71 infiltrants.

AASU's "hob-nobbing" with Mr Vajpayee has been resented by other Opposition parties. Janata leaders told students that the "rightist swing" was unfortunate. They and others think that the Gandhi Peace Foundation formula (Verghese formula) was more negotiable. These parties are keen on a trial of strength in the Assembly; they are seeking an understanding with Opposition groups to embarrass Mrs Taimur in the Assembly. The Leftists are not interested now since a court verdict held that the present Government was legally constituted. Mr Sarat Sinha of the Congress(U) is ambiguous.

Time is running out for the Home Ministry, which favours either renewing the negotiations from an advantageous position or seeking a consensus from political parties. The only other possibility, the Centre feels, will be to start the talks again without pre-conditions. It may formally invite AASU and Parishad leaders, but who among the numerous mediators and well-wishers can, or will, guarantee a favourable response? Mr Makwana may have been sent to guage the overall mood in Gauhati.

Mr Dulal Barua burnt his fingers when he delivered a formal invitation for tripartite talks late last year. The students rejected it but veered round early this month when AASU's adviser, Mr Lalit Rajkhowa, told a Press conference in New Delhi that it had changed its stand following support to its cause by most political parties. In mid-1980, it looked as if the Verghese formula would be clinched; but there again AASU is credicted with a volte face. [as published]

CSO: 4220

BENGAL LEADERS SAY CPI(M) INFLUENCE GROWING

Calcutta THE STATESMAN in English 24 Jan 81 p 3

[Text] Congress (I) central leaders are gradually realizing the growing influence of the CPI(M) in Northern India, Rajasthan and Maharashtra mainly through its trade union body, the Centre of Indian Trade Unions, according to some West Bengal Congress (I) leaders who had been to Delhi recently.

An Indian National Trade Union (I) source also refers to repeated violence in Faridabad, Haryana, Okhla and even in Maharashtra where the CITU has made a dent in the pocketshheld by individual trade union leaders.

Following the CPI(M)'s Howrah plenum about two years ago directing the party leadership to branch out and expand in non-traditional areas, the CPI(M) has been placing more emphasis on political training of its cadres. The CPI(M) leader, Mr Promode Dasgupta had stated that the CITU workers in the State would be given political training because they might be useful in spreading the party's influence in Northern India.

A CITU source did not confirm on Friday whether trained cadres were being sent outside the State but said that there were constant talks between the leaders of the State and those operating outside. There was an erosion in the INTUC(I) camp and a corresponding rise in the CITU's influence in Northern India because more and more workers were realizing the uncompromising militant nature of this trade union body.

In many areas, he said, the workers had themselves come forward and contacted CITU leaders. This was specially true for Rajasthan where the influence of the organization was growing steadily.

CSO: 4220

'PATRIOT' INTERVIEWS 'KHALISTAN SECRETARY GENERAL'

New Delhi PATRIOT in English 26 Jan 81 p 4

[Text] Chandigarh, Jan 25. Mr Balbir Singh Sandhu, who has styled himself as the secretary general of the so-called Republic of Khalistan (ROK) is of the view that the demand for the establishment of Khalistan was no longer a utopia, as it was a point of a major debate among its supporters and opponents.

According to Mr Sandhu, Punjab combined with the rest of the Punjabi speaking areas in the neighbouring States would constitute the Khalistan of their thinking. Asked if the Punjabi speaking Lahore was also included in the demanded Khalistan, Mr Sandhu said that was more embarrassing (for him) than evasive.

Mr Sandhu told PATRIOT in an exclusive interview that room No 32 of the Guru Nank Niwas, an imposing mention in the premises of the Golden Temple, Amritsar was for the time being the headquarters of ROK in exile. Asked if the ROK paid any rent to the Shiromani Gurdwara Prabandhak Committee (SGPC), a statutory body, Mr Sandhu said he and his fellow Khalistanwalas did not treat the Nanak Niwas as a sarai (inn). In their view it was "Bunga" (a small cantonment of the Sikh fauj in old times). So while fighting for the ultimate objective of the Khalsa we are using it as a "Bunga." We have told the SGPC authorities categorically that any attempt to either charge rent or throw the ROK out on the road would have serious consequences for the leadership of the SGPC. Appearing to be convinced with our reasoning the SGPC now seemed to have made up its mind to let us stay here, he asserted.

According to Mr Sandhu, he and his other fellow Khalistanwalas were even using their own ROK postal stamps. The ROK had already established diplomatic missions in countries like US, West Germany and England. Similar establishment of diplomatic missions of the ROK in other countries was also in the offing, he added.

Replying to another question Mr Sandhu said that while some of the SGPC and Akali Dal leaders individually and privately supported the demand for a separate Khalistan, the others were ambivalent or noncommitting on the issue. Declining to identify anyone, Mr Sandhu, however, disclosed that quite a number of the Akali leaders were secretly giving the ROK both moral and material help. Some of these leaders even publicly asserted that 'Sikhs were a nation,' though they would not openly support the demand for a separate Khalistan. According to Mr Sandhu in the Khalistan of his dreams, the affairs of the State, society and culture would be guided by the basic tenents of living as enshrined in the holy book Guru Granth Sahib.

CSO: 4220

## REPUBLIC'S 31ST ANNIVERSARY OBSERVED 26 JANUARY

### Celebrations in Delhi

New Delhi PATRIOT in English 28 Jan 81 p 5

[Text] Amidst cloudy skies and dull dampening weather, the thirty-first anniversary of the Indian Republic was celebrated in the Capital on Monday with the traditional two-hour extravaganza of military muscle and a diverse cultural pageantry.

Though artistically curtailed flypast robbed the parade of much of its attraction, the spectacle provided by a mould of SLV-3, the smartly marching contingents, heavy tanks and other military hardware, was nevertheless impressive enough to draw cheers from the milling mass of spectators.

Braving the chill and the legion of traffic regulations, people had already begun to make a beeline for Rajpath by the early hours of Monday morning. And at the time of Prime Minister Indira Gandhi's arrival at about 9.30 to begin the day's programme with a wreath-laying ceremony at the memorial of the Unknown Soldier, Rajpath and the parade's entire 14-km route to the Red Fort were a sea of surging crowds.

Even as the last strains of the Last Post at the war memorial were dying out, the start of the parade was heralded by a Chetak helicopter "dressed" as an elephant performing a grotesque jig in the sky. Following the helicopter were four Mi-8s, two of which towed the national flag and the joint services ensign, the other two showering rose petals. However, much to the amusement of the spectators, the petals turned out to be square pieces of coloured paper.

After the President had arrived in his horse-drawn ceremonial buggy escorting the chief guest, Mexican President Jose Lopez Portillo, and had unfurled the national flag to the booming of a 31-gun salute. Maj Gen N. Ramachandran, GOC, Delhi area, leading the parade drove past the saluting base. Following him in open jeeps were the winners of the Param Vir Chakra, Ashok Chakra and the Victoria Cross.

The armed forces contingents were headed by 36 riders from the 61 Cavalry, the only horsed cavalry in the world. On their hooves came the mechanised column, with its Vijayanta tanks, 105 mm Abbot guns, Tigercat missiles and armoured

personnel carriers (APC). A special feature of this part of the parade was the 122 mm multi-barrelled rocket launcher and the Infantry Combat Vehicle, both of which were being shown in a Republic Day parade for the first time.

Following the heavy rumble of the mechanised columns were the marching contingents in their respondent uniforms, representing some of the oldest and youngest regiments of the army. Among the oldest was the Madras Regiment, which was raised in 1758. There was also the Assam Regiment, representing over 35 tribes, which was established only in 1941, and to which the parade commander belongs. Also among the army's marching contingents were the Madras Sappers, the Rajput Regiment the Sikh Regiment and the Corps of the Military Police, or the red caps' which won the best marching contingent trophy last year.

Navy Display

In contrast to the army's multi-hued fanned turbans, berets and sashes, followed the naval marching contingent dressed in blue and white. The contingent displayed special features, like the floats of a 1.5 lakh rupee-model of Leander Frigate Taragiri, commissioned only last year, and one of the submarines, INS Kalvari. Another exhibit was the underwater vehicle, called the Chariot. Also on the float were a few of the navy's frogmen.

An exciting feature of the air force contingent that came next was the MiG-21 bis a front line interceptor or fighter equipped with the latest close combat air-to-air missiles. There was also the Chetak helicopter and the Ajeet aircraft, an advanced version of the Gnat. Other exhibits in the airforce contingent included the SAM missiles, rocket pods capable of firing 18 rockets of 68 mm, and an assorted variety of bombs.

After the deadly weapons of defence had gone past came the para-military regiments, among which were the BSF, the 6-footers of the CRP, the Indo-Tibetan Border Police, the Delhi Police and the Central Industrial Security Force marching to the tune of the asserted bands in their colourful uniforms.

The National Cadet Corps contingent which included, apart from cadets from the various units successful NCC mountaineers also, marked, along with the massed bands from the forces, the end of the formal military part of the parade. The martial music being played was suddenly replaced by the strains of the shehnai as six caprisoned elephants bore down Rajpath, carrying the 16 children who have just received this year's bravery awards. This was followed by a half hour of dance and music or just marching, in which nearly 1,400 children from schools in Delhi and outside participaced.

Tableaux

In the footsteps of children, rumbled the 15 tractor-drawn tableaux from States and Government departments, led by Andhra Pradesh. One of the liveliest floats was "Goa Sings"--where a real band played music for dancers on giant clam shells. Among the other States represented were Maharashtra with the coronation of Shivaji, Uttar Pradesh, with its depiction of communal harmony, and Punjab

with Basant Panchami. Other floats included the scale model of the SLV-3 and the Directorate of Horticulture's floral tableau on national integration.

Bringing up the tail end of the parade were the tribal dancers from 13 States, in their traditional costumes, who stopped before the saluting base to present short dances. Among the more colourful dancers were the Rajasthanis, with their Dandiya Gair, the Ladakhis with their Jabro dance and dancers from Kerala with their wand-clicking Kaikali.

However, by the time the last dancers of Mizoram had trotted before the saluting base, all eyes were already directed upwards, in anticipation of the fly-past, with the usual complement of 40 jet aircraft, including a MiG 23, 12 Jaguars and 19 MiG-21 depicting the letters IAF. All that the spectators did get to see, however, because of a low cloud ceiling were three Kirons trailing the tricolour, and a box of four Jaguars zoom low over their heads.

## Countryside, Calcutta Celebrations

Calcutta THE STATESMAN in English 28 Jan 81 p 14

[Text] New Delhi, Jan. 27--Parades, mass prayers and cultural programmes were held across the country yesterday as the people celebrated Republic Day, reports PTI.

At the main function held in the capital, the President, Mr Sanjiva Reddy, took the salute. The parade was commanded by Major-General N. Ramachandran, General Officer Commanding, Delhi Area.

The Mexican President, Mr Jose Lopez Portillo, was the chief guest. The Army displayed for the first time multi-barrel rocket launchers and infantry combat vehicles. The Navy put up a model of the indigenously-built Leander class frigate, Taragiri.

But many who had come to witness the parade despite the cold and morning fog, were disappointed when the fly-past, had to be curtailed because of bad weather. There were just seven aircraft, three Kirans trailing tricolours followed by four jaguars.

In the evening the President held a reception at Rashtrapati Bhavan. The Vice-President, Mr M. Hidayatullah, and the Prime Minister, Mrs Gandhi, were among the 4,000 guests who included Union Ministers of Parliament the Services Chiefs and members of the diplomatic corps.

In Manipur, a 42-hour bandh, called by students organizations, failed to evoke much response. A number of school and college students took part in the march-past at Imphal where the Chief Minister, Mr Rishang Keishing, took the salute. Contingents of the CRPF, Manipur Rifles and Manipur Police, besides students, participated in the march past.

In the northern States of Jammu and Kashmir and Himachal Pradesh, thousands of people participated in functions despite severe cold.

The State Chief Minister, Sheikh Abdullah, took the salute at an hour-long march past, watched by a large number of people. In Himachal too, the day was celebrated with great enthusiasm despite inclement weather and heavy snowfall.

Several world leaders greeted India on the occasion. Reports of celebrations have been received from various parts of the world. At Beijing, several top Chinese Government leaders, members of the diplomatic corps and prominent citizens attended the function held at the Indian Embassy.

The Indian community joined the Ambassador, Mr M. K. Ahuja, to celebrate the day in Moscow. Colourful functions were got up to celebrate the occasion at the Indian Embassies in Dacca, Kathmandu and Washington.

A Staff Reporter adds: The Governor, Mr T. N. Singh, took the salute at the ceremonial parade on Red Road, Calcutta. The parade this year was divided into eight groups which included the mounted and marching contingents of the armed forces, the different divisions of the police, the National Cadet Corps and Home Guards, Civil Defence organization, St John's Ambulance brigade, Bharat Scouts and Guides and schoolchildren. The march past was followed by pageants and floats.

For the first time the Indian Navy took part in the parade and it displayed a model of the submarine built indigenously. The contingents were led by a row of the huge, "amphibian" tanks which were used in the Indo-Pak wars. Some of the vehicles carrying weapons threw flowers on the road while taking the salute from the Governor.

The marching contingents, which included the 121 Infantry Battalion of the Territorial Army, said to be the oldest, were interspersed with brass bands and pipes and drums of different regiments.

The tableaux included one on national integration and communal harmony, another on disabled persons engaged in different vocations--the panchayat, small savings and on khadi and cottage industries. The Metro Railway tableau said the trial run of the underground train from Dum Dum to Belgachia would be made this year. A tableau on Jheel Meel, a children's park at Salt Lake, had several children on a toy train inviting their counterparts among the spectators to visit Jheel Meel.

CSO: 4220

## PROBLEMS OF WEST BENGAL CPI(M) EXAMINED

Calcutta THE STATESMAN in English 20 Jan 81 p 3

[Text] The main problem before the CPI(M)'s West Bengal unit is how best to politically educate the 6.5 million members of its frontal organizations to meet "any attack" from Mrs Gandhi's party. This directive of the all-India party's Salkia plenum at the end of 1978 has now assumed a new urgency.

Already the State committee has reviewed the party's organizational strength as its membership has risen to 72,000 only 3,000 short of its target. The assessment of the trade union peasant, student and women's organizations nad panchayat bodies will be made at the next State committee meeting to begin on February 20. The response from the people to join the party's frontal organizations is high considering that altogether 5.5 million people in the State voted for the CPI(M) in the last Lok Sabha and Assembly elections.

The Salkia plenum gave greater emphasis to the political education of cadres while expanding party membership. It urged the leaders to see that the party emerged as a truly revolutionary Communist party.

Mr Saroj Mukherjee, a Central Committee member said on Monday that an impression was sought to be created in certain quarters that there was a division between the Central and the State party leadership in respect of national and international alignments. "There is not an iota of truth in this speculation."

The West Bengal Politburo members, he said, had contributed much towards developing the six-party alliance in many States. Both Central and State committees were unanimous in encouraging and even expanding such an alliance in Kerala, Maharashtra, Tamil Nadu, Andhra Pradesh and Bihar in fighting authoritarianism, communalism and other allied problems. It had also been unanimously resolved that in West Bengal the situation was entirely different. Here the Congress(U) and the Lok Dal had been consistently anti-Left Front.

The Central Committee Mr Mukherjee added had also decided to have party-to-party relations with all the Communist parties of the world including those of the Soviet Union and China. There was not a proChinese nor a pro-Russian faction inside the party, he claimed.

CSO: 4220

MAHARASHTRA CONGRESS(I) LEADER INHERITS FACTIONS

Madras THE HINDU in English 25 Jan 81 p 3

[Text] The appointment of Mr Gulabrao Patil as President of the Maharashtra Pradesh Congress Committee (I) brings to an end the unfortunate controversy which has been raging since Mr A. R. Antulay became the Chief Minister of the State.

Mrs Pramilatai Chavan, outgoing MPCC (I) President, did not get along well with Mr Antulay. Immediately after the elections to the State Assembly, Mrs Pramilatai Chavan canvassed for a few prominent Maratha leaders from Western Maharashtra for the Chief Ministership.

At one time, she entertained hopes of becoming leader herself but when she came to know that Mr Antulay had the support of Mrs Indira Gandhi, she decided not to contest but backed others covertly. She extended her support to Mrs Pratibha Patil, Leader of the Opposition in the dissolved Assembly.

After Mr Antulay became Chief Minister, she began to openly criticise Mr Antulay on public issues lowering the image of the Congress (I).

During the brief Nagpur session of the Assembly, Mr Antulay sent a few MLA's including Mr Ramrao Adik, State Finance Minister, and Mr Jawaharlal Darda, State Industries Minister, to wait on the Prime Minister and plead for a new party chief in the place of Mrs Chavan. Mrs Gandhi had no option but to yield to the wishes of the Chief Minister.

It was apparent that in the interest of strengthening the party, the administrative and the organisational wings should work in close coordination. Just before the by-election to the Assembly from Srivardan constituency in Konkan from where Mr Antulay won with a landslide victory, Mrs Chavan tendered her resignation which was promptly accepted.

Many names suggested included that of Mr Gulabrao Patil for the party post. Mr Patil is the chairman of the Maharashtra State Cooperative Bank and hails from Sangli district. During the AICC session, his name was vigorously canvassed by Western Maharashtra leaders including Mr Y. J. Mohite, former State Finance Minister and Mr V. B. Patil, Congress (I) General Secretary.

At a dinner hosted by Mr V. B. Patil, Mr Antulay suggested the name of Mr Gulabrao Patil which found general acceptance.

Mr Gulabrao Patil was a member of the Rajya Sabha during 1977-79. He resigned from the Congress(I) and supported Mr V. B. Patil despite political differences with him. He entertained the hope that he would be nominated to the Rajya Sabha. Mr A. G. Kulkarni was given the ticket at the suggestion of Mr V. B. Patil.

After the Lok Sabha elections Mr Gulabrao Patil rejoined the Congress(I).

The choice of Mr Gulabrao Patil would go a long way in assuaging Marathas' feeling of neglect not only by the Congress High Command but also by the State Chief Minister.

Mr Patil visited New Delhi and had talks with Mr Moopanar and other Congress(I) leaders. He has planned to visit all the districts and mobilise workers for implementing the Congress(I) policies and the 20-point programme.

Mr Patil said he had no differences with any member in the party and it was his aim to see that the Congress worked as a cohesive unit.

Mr Patil's task is not an easy one. There are four groups working in MPCC(I): (1) a small but influential group pledged to support Mrs Pramilatai Chavan, (2) a group following Mr V. B. Patil, (3) a group backing the Marathwada leader, Mr S. B. Chavan and (4) the last group loyal to Mr Y. J. Mohite, who belongs to the Shivaji family.

Mr Patil has to build up the organisation in Vidarbha where there are several factions owing loyalty to the former Chief Minister, Mr V. P. Naik, Mr J. B. Dhote, Mr Antulay and Mr Jawaharlal Darda.

All is not well in the Bombay Pradesh Congress Committee(I). The poor image of the local unit was in evidence when Mrs Indira Gandhi was in the city. After its merger with the MPCC(I) during the Emergency, it had lost its soul and personality, according to a Congress leader.

The BPCC has two offices in Bombay--the old Congress House and the other new Congress House in South Bombay which always wear a deserted appearance.

To activate the BPCC(I) unit, Mr Yagnik and his colleagues held a meeting in honour of Mr Rajiv Gandhi. But to their surprise, Mrs Gandhi alone responded and took Mr Yagnik to task for not obtaining her consent for the meeting. She pulled up the Congress(I) workers for their indifference to organisational work.

A few prominent Congress(I) workers reported to the Prime Minister that some of the leaders who had changed their loyalties during the Janata regime were back in the organisation and were enjoying the confidence of Mr Yagnik. The Bombay Municipal Corporation is controlled by the Opposition parties. The champions of a separate identity for the city Congress point out that when elections are held to the Corporation, the Congress(I) candidates would fare much better if a separate identity is given to the city unit.

LOPEZ PORTILLO INTERVIEWED BEFORE VISIT TO NATION

Bombay THE TIMES OF INDIA in English 22 Jan 81 pp 1, 17

[Interview with Jose Lopez Portillo, president of Mexico, by Subhash Chakravarti, in President Portillo's Los Pinos offices, date not given]

[Text] Mexico City, January 21. President Jose Lopez Portillo of the developing giant, Mexico, foresees a long period of fruitful cooperations with India in strengthening the solidarity of the third world, mitigating the impact of oil prices and preventing a catastrophic conflict between the two hegemonic major powers.

Mr Lopez Portillo, an athletic, balding 61-year-old lawyer with a dominating personality, considers his country's contact with Indian experience as of "fundamental importance."

The President will be the chief guest at the Republic Day celebrations in New Delhi next week.

Picture of Confidence

In an interview in his handsome Los Pinos offices, decorated with replicas of statues of the lost Mayan civilisation, he covered a wide range of subjects, including the problems facing the developing world, the conflict between the two major powers and the likely impact on Central America of the policies of Mr Reagan, who took over yesterday as the President of the U.S.

During the long interview, Mr Lopez Portillo appeared to be a picture of confidence and optimism which has perhaps been shaped by the emerging international role of Mexico on the strength of being one of the five biggest oil-producers in the world.

He took special care to emphasize that Mexico would continue to fight for the developing nations and maintain its own domestic priorities in development, without damaging its old civilisation.

"India is one of the countries that we would like to see coming out in support of our proposals because we have the conviction that when India backs a cause, it is a good cause."

Much as Mexico would like to help India in providing oil on comparable terms, there were certain international compulsions which could not be avoided. Mr Lopez Portillo called for a grand worldwide plan to deal with this problem. He gave the impression that Mexico had made a modest beginning in accommodating its immediate neighbouring Central America and the Caribbean countries.

"We have reached an agreement with Venezuela to guarantee supply. We guarantee them the supply and credit with which a fund will be established to enable these countries to get their supplies. This demonstrates that at least some example of cooperation could be set in a region to facilitate wide cooperation."

In this context, the President mentioned the Mexican proposal for a world summit to find a way out to help the industrialisation of many developing countries whose existing level of industrialisation even had been exposed to uncertainties by the spiralling oil prices.

Mr Lopez Portillo believed that only unity of the developing nations could help evolve a solution. He banked a great deal on India, which had at no stage made common cause with the West on this issue, to take the lead.

Mr Lopez Portillo accords high priority to his visit to India for two reasons--the representative importance of India as a developing nation and its inherent capacity as an old civilisation to solve its problems. He considers that Mexico is placed in many ways in a similar situation.

He, in fact, described his coming talks with Indian leaders as the "South-South dialogue" in all its wider ramifications. Secondly, he said that people of his generation in Mexico in their youth were inspired by the Indian civilisation and its glorious record of fighting for freedom. "It will be a privilege to see it in reality," he remarked.

Mr Lopez Portillo explained that both India and Mexico in different ways had come under the dangerous pulls and pressures of what he called hegemonic major powers meaning the U.S. and the Soviet Union.

He had perhaps in view the dangerous super-power confrontation in the Persian Gulf region and the likely support of the Reagan administration to the authoritarian regimes in Central America. Handshakes and smiles did little camouflage the underlying differences of opinion when Mr Reagan met Mr Lopez Portillo early this month in the border town of Diudad Juarez.

He said the two major powers were hegemonic and their conflict had polarised the world--and this might lead to a division of areas of influence. He explained that regional conflicts had further been complicated by the intervention of these two powers. The ideological struggle between these two powers had made it difficult to solve even localised problems.

Critical Areas

In his reckoning, the most critical conditions obtained in the Indian Ocean, the Persian Gulf, Central America and the Caribbean. Both India and Mexico, Mr Lopez Portillo continued, were exposed to danger.

"It is not my wish, nor do I wish to believe it, that Mr Reagan's administration will intervene in Central America and the Caribbean. We will continue to maintain the fundamental principles of international co-existence and non-intervention."

Eighteen months ago, Mexico severed its diplomatic relations with the Somoza family dictatorship and when it fell Mexico became the first country in the world to recognise the new revolutionary government in Nicaragua.

When asked if Mexico's approach to the civil war in El Salvador was similar to that in Nicaragua, Mr Lopez Portillo replied that circumstances were different with a technical exception."

In the case of Nicaragua, "it was the struggle of a whole organised people against an absurd cartoon of a dictatorship that was carrying on attacks on humanity."

Class Struggle

On the other hand, he continued, El Salvador was in the midst of a class struggle which Salvadoreans must solve. "We have so far not found sufficient reasons for breaking off our diplomatic relations with the sister nation of El Salvador."

Mr Lopez Portillo did not think that the North-South dialogue was a lost cause. He believed that reconciliation in the dialogue could be found. He explained that the developing nations had fallen victim to a dichotomy that had developed between the principles of raising the prices of raw products and the strategy of their implementation.

He agreed "totally and absolutely" with a suggestion for greater cooperation between Mexico and India to strengthen the nonaligned movement to deal with imminent dangers facing the third world in respect of both security and development.

A measure of the importance that is being attached to his Indian visit lies in the fact that Mr Lopez Portillo will be accompanied by several of his senior cabinet ministers. "I expect my visit to India will mark the beginning of a new phase of cooperation to our mutual advantage."

CSO: 4220

RESULTS OF 'CRUCIAL' MUNICIPAL ELECTIONS REPORTED

Bombay THE TIMES OF INDIA in English 29 Jan 81 p 1

[Text] Ahmedabad, January 28: In a crucial battle of the ballot in Gujarat, the Congress(I) today captured the Surat municipal corporation while the Bhartiya Janata party gained control over the Rajkot municipal corporation by a wafer thin majority.

In the Baroda municipal corporation, the Congress(I) is inching ahead to establish majority in the 105-member municipal corporation. The congress(I) here has so far captured 34 seats. The BJP has got 16, and the Janata party, which was the main opposition in the city civic board, has secured 12 seats.

The Congress(I) has captured 34 of the total 65 seats in Surat and return to power after a lapse of three years. The BJP got 21 seats and the Janata party ten.

The BJP got a majority of only one seat in the 51-member civic body in Rajot. It got 26 seats while the Congress(I) secured 25 seats. The Janata party, the main opposition in the state was completely routed. It is heading for a humiliating defeat in Ahmedabad.

PTI adds: Of the 45 seats declared in Ahmedabad, the Congress(I) had won 18, BJP 14, Janata 12 and independent 1. The Ahmedabad board has 105 seats and results of 25 more seats were expected tonight.

The BJP winners in Rajkot included the former mayor and MLA, Mr Arvind Maniar, who romped home after trailing behind the Congress(I) nominee in the early stages. The leader of the opposition in the superceded corporation, Mr Jayantilal Kundalia, was among the successful Congress(I) candidates.

The triumphant candidates in Ahmedabad, whose civic body came into the Congress (I) hands few months ago as a result of defection of some Congress(U) members, included the Janata nominee, Dr Ramanbhai Patel, who was leader of the opposition in the outgoing corporation.

In Surat, the winning candidates included the former mayor, Mr Madanlal Bunki, and the southern Gujarat chamber president, Mr Nagidas Bardoliwala, both Congress(I).

CSO: 4220

REPORTS ON SPEECHES AT BANQUET FOR MEXICAN LEADER

Bombay THE TIMES OF INDIA in English 26 Jan 81 p 9

[Text] New Delhi, January 25--President Sanjiva Reddy today warned about growing tensions in the world and said that the conflicts were being intensified by great power influence and rivalries.

At a banquet hosted by him in honour of the visiting President of Mexico, Mr Jose Lopez Portille, tonight, Mr Reddy said he hoped the endeavours for peaceful cooperation by both India and Mexico would "bring reason to the policies and the leaders of the great powers who have so great a role to play."

The President also said that, in a world beset with many conflicts and tensions, the developing countries should cooperate among themselves more and more in all fields of endeavour.

The developed countries also had a responsibility. They should display the political will to assist the developing countries in order to usher in a new international economic order. The world economy today was based on outdated principles and faced a crisis of confidence.

He pointed out that the arms race was continuing unabated despite hunger, want and disease afflicted a large part of mankind. In this age of global interdependence, no country could remain and prosper in isolation. The world could not be a happy place where people in a few countries lived in opulence while the vast majority of other countries in indigence.

Energy, he said, had become the central question, not only of development, but also of survival of many developing countries. In this context, he added, the proposal made by the Mexican President before the U.N. assembly regarding rationalisation of production and consumption of energy in the industrialised and developing world had been widely applauded.

In concrete terms, he said, the arrangements made by Mexico to supply oil to the developing countries of central America and the Carribeans gave an indication of how enlightened measures could relieve the extremely difficult position of those countries.

The President said that the scope of cooperation between Mexico and India was vast and it would be India's effort to enhance this cooperation in all fields.

PTI adds:

Mr Portillo in his reply said that the possibility of a war becoming generalised was more alarming in the present-day world.

The Mexican President viewed the present world situation as extraordinarily complex and said "it seems more difficult to achieve peace' and conceive of conflicts and solutions in isolation. [as published] The arms race had accelerated in an "unprecedented way" with greater degree of sophistication of weapons.

"In any event," Mr Portillo said, it was necessary that "all peace-loving and law-abiding peoples redouble their efforts to reduce international tensions and resist pressures that seek to involve us in a new cold war."

Mexico also did not recognise "buffer zones or spheres of influence that extend beyond national frontiers." It, therefore, "disapproves the concentration of naval and military forces" in the Indian Ocean, which had been declared a zone of peace.

CSO: 4220

TRIBAL LEADERS RESIGN FROM TRIPURA CONGRESS(I)

Calcutta THE STATESMAN in English 21 Jan 81 p 9

[Text] Agartala, Jan. 20.--There are serious differences in the Tripura Pradesh Congress (I) within a month of its reconstitution by the party high command, reports UNI. At present there are three factions in the party.

According to party circles, dissensions in the Congress (I) culminated when the last Assembly and parliamentary elections were held in the State. It reached a climax after the June carnage. Although most prominent Congressmen had found themselves in the newly-constituted PCC(I), the dissensions did not subside.

Meanwhile, the present leadership has resolved to revitalize various party committees up to the district level. The leadership has decided to hold a Statewide agitation from Wednesday to demand, among other things, the resignation of the Left Front Government and a judicial probe into the June carnage.

The show of strength between the rival factions was sparked off when the vice-president, Mr Anju Mog, executive committee member, Mr Kashiram Reang, and an invited member, Mr Ashok Debbarma, resigned from the PCC(I).

In their resignation letters to the AICC(I), all the three tribal leaders, who had a considerable following among the Chakma, Reang, Mog and Tripuri communities, criticized the leadership and alleged that "opportunitist, arm-chair politicians and former Janata Party leaders" had been given prominence in the new PCC(I).

The former PCC(I) chief, Mr Ashok Bhattacharya, had all along refused to make common cause with the new leadership and was away in New Delhi. He was yet to hand over the charge of the Congress Bhavan here.

The former Chief Minister, Mr Sukhomoy Sengupta, who had been trying to consolidate the party organization among the tribal sections, had also bitterly criticized the present set-up, and said that people had no faith in the leadership.

Mr Sengupta said unity among the party men was definitely the only effective challenge to the CPI(M) and its allies.

Mr Prafulla Das, Chief Minister in the CFD-CPM coalition Ministry and now an executive member of the PCC(I), said there was no unity in the party. He felt that if the present leadership failed to restore unity, "there should be a change."

Mr Das said some leaders (whose names he did not mention) were disliked by the people.

The people, he added, were critical of the style of functioning of these leaders who had not taken any step so far to establish the unity which manifested itself after Mrs Indira Gandhi's return to power.

CSO: 4220

SHEIKH ABDULLAH RECEIVES REPORT ON LADAKH

New Delhi PATRIOT in English 21 Jan 81 p 4

[Text] Srinagar, Jan 20--Three member ministerial team returned here today from Ladakh after ten days long talks with Ladakhi agitators and reported outcome of its exercise to Chief Minister Sheikh Abdullah.

The team led by Finance Minister D Thakur. [as published] The other two members were Works Minister G M Shah and Revenue Minister G N Kochak who visited Leh, Kargil and Zanksar areas. The Ministers were sent to Ladakh by the Sheikh following an outbreak of violence at Leh on 28 December during the anti-Government demonstrations in support of the demands of the people in Leh district and Zanksar sub-division of adjoining Kargil district. It is still not known as to whether the ministerial team had succeeded in pacifying the agitators and in persuading them for a settlement of controversy as was claimed by official sources last week. This claim was refuted by the Cong-I MP from Ladakh P Namgil who is a leading member of all party action committee. He had made counter claim that contrary to official version no settlement had been reached and that dharna by the agitators was continuing in Leh.

Official sources had claimed that the agitation had been called off following an agreement between the action committee and the visiting ministerial delegation.

Cong-I Accused

Meanwhile, National Conference leader A R Wani, today accused State Cong-I leaders of instigating the Ladakh agitators into disturbing the peace and orders in the State, reports UNI.

Mr Wani a member of the Legislative Council said the National Conference Government had provided equal opportunities to the people of Ladakh along with the people of other regions.

He said the resent Government has already accepted the genuine demands of the Ladakh agitators and had provided more funds to the region than any previous Government. [as published]

Mr Wani alleged that some frustrated elements were trying hard to disrupt tranquility and communal harmony in the State to oust the Sheikh Government. Their attempts had however been foiled by the peace-loving people of the State.

Mr Wani said Dr Farooq Abdullah, MP was the only substitute to Sheikh Abdullah as the President of the National Conference. 'Like Sheikh Abdullah, Dr Farooq can infuse new spirit in the rank and file of the organisation', Mr Wani said.

CSO: 4220

## RAJASTHAN SUFFERING FROM RECORD DROUGHT

New Delhi PATRIOT in English 21 Jan 81 p 5

[Text]

**RAJASTHAN is passing through a severe test of endurance in the face of one of the worst ever droughts and timely Central assistance is the need of the hour, as the State Government has hardly any funds to meet this natural calamity engulfing the entire State.**

A group of newsmen who visited some of the worst affected areas in Bikaner and Jaisalmer districts found that all agricultural activity had come to a stand still Both the districts were reeling under the impact of ... famine for the fourth year now.

The people working on some of the relief works are in a pathetic condition. They find it hard to meet their needs in just Rs 3 per day that they get. This paltry sum in reality, comes to Rs 3 or 3.50 only. Moreover, only one member of a family is employed. The children and the old men who work on these relief works are extremely unhappy. They think of death, which would be better than the life we have to live, as an old man put it.

**RURAL PLAN**

The Food-For-Work programme, now renamed as the National Rural Employment Programme (NREP), to uplift the rural masses, was nowhere to be seen The people working on the relief works brought their foodgrains from the private traders. There were neither fair price shops nor did the State Government supply foodgrains as a part of their wage component.

The State has no foodgrain to distribute, as the Centre did not provide any, though it is essential and the Agriculture Ministry accepts it.

According to the State Government, all the 25 districts of the State were in the grip of drought, affecting 1.56 crore people. Nearly, 21,365 villages out of the 36,000 have been declared as 'scarcity affected ones.

The State Government as early as November had asked the Centre to grant it Rs 174 crore for various relief measures last year. But the Centre's study team took two months to assess the situation in the region and sanctioned only Rs 20 crore, 'which is for too inadequate' according to the Government sources. The number of people flocking to the relief works would run into lakhs as against the present 70,000 and this petty sum would be a drop in the ocean.

The drinking water problem is at its worst according to the official sources. In about 1,000 villages no water is available within a radius of 5 Km and arrangements for the transportation of water from far off sources have yet to be made. Water to more then 270 villages is being by truck tankers. The State is short of tankers and orders for their immediate purchase have been placed.

Arrangements for establishing 132 migration depots for shifting cattle is being made. For the cattle left behind, provisions for fodder and water have also been made.

The District Collectors of Bikaner and Jaisalmer have already prepared relief plans worth Rs 10 crore and Rs 3.5 crore respectively. The test relief works are almost over and regular works would be launched soon.

According to the district authorities, it was for the first time that the relief works had been started as early as December due to the severity of the conditions.

**RELIEF**

The DC's have also proposed the Food-for-Work programme of the NREP to provide relief and also a quantum of foodgrains but 'we have got no signal to go ahead.'

However, the officials made it clear that the people were given work at present on the test relief works and when more people, come they to would be absorbed in the regular relief works, which to be started. There were the were chances that the whole family could be engaged in relief works.

CSO: 4220

## EXPERTS SAY COUNTRY MAY FACE MINERAL SHORTAGES

New Delhi PATRIOT in English 21 Jan 81 p 5

[Text]

CALCUTTA, Jan 20.

THE three-day international meet of experts in minerals and their beneficiation processes in Bhubaneswar, has brought to light the importance of these processes in mineral planning and conservation programmes.

The belief that India is endowed with inexhaustible and varied mineral resources have not been borne out. On the basis of explored reserves of mineral endowments, the experts feel that if the rate of India's economic development escalated, then it might face shortages of good grade major ores like manganese, chromite and even iron ore within the next 100 years.

India's per capita consumption of minerals and mineral based produce is so low, that an increase in consumption is a crucial target. As of now the per capita consumption of steel in India is 15 kg compared to the USA's 686 kg. The world average use of aluminium is 1.51 kg, out of which the USA consumes 16.87 kg, while India stand at 0.35 kg only.

The most important method of conservation and planned use of irreplaceable minerals is through the beneficiation process.

Through beneficiation low grade and complex ores are upgraded by separating the unwanted materials enmeshed in a mineral ore, technically known as gangue materials. This can be done by grinding the ore to a suitable size and applying various physical beneficiation methods. Chemical processes can also give the same result, but they are expensive.

Now after beneficiation and later pelletization, fines and low grade ores like that of iron are being widely used in the USSR, Japan, the US, Canada etc. In fact, it is estimated that in Canada, the US and the Netherlands, over 50 per cent of the pig iron is being produced out of such pellets.

In India at Goa and Nasmundi, there are iron ore pelletization plants which are producing the same thing but in smaller quantities. These are mainly for exports. The Kudremukh plant is also scheduled to do so. The indigenous use of pellets is still limited.

Considerable research is being carried out on beneficiation processes among other centres at the Bhaba Atomic Research Centre, the National Metallurgical Laboratory, the Indian Bureau of Mines and Regional Research Laboratory, Bhubaneswar.

CSO: 4220

SHEIKH ABDULLAH NAMES SON AS SUCCESSOR

Bombay THE TIMES OF INDIA in English 24 Jan 81 p 1

[Text] Srinagar, January 23 (UNI).

The Jammu and Kashmir chief minister, Sheikh Abdullah, announced today amid thunderous applause that his eldest son, Dr. Farooq Abdullah, MP, would succeed him. He did not elaborate.

Addressing a large gathering at the Hazratbal shrine near here on the first Friday following Idzul-Miladun-Nabi he said Dr. Abdullah was quite dynamic and capable of carrying forward the 50-year-old movement for ensuring a peaceful and honourable life for Kashmiris.

The Sheikh, who is also the chief of the ruling national conference, said on this sacred occasion he wanted to take the people into his confidence.

The Sheikh asked his hearers to raise their hands if they agreed with his decision. The people who were listening to him in silence raised their hands, shouting "Yes, Yes."

The time has come, he said, when younger people should be asked to shoulder responsibilities. He asked the people to strengthen the hands of Dr. Abdullah.

"Dr. Abdullah is my son. I know you also consider him as your own son," the Sheikh said.

"Great labour and sacrifice are needed to keep alive the 50-year-old movement aimed at securing a peaceful and honourable life for Kashmiris," he added.

CSO: 4220

AITUC LEADER SPEAKS TO STATE COMMITTEE CONFERENCE

New Delhi PATRIOT in English 25 Jan 81 p 11

[Text] Calcutta, Jan. 24

Nineteen-eighty-one is going to be the year of all round struggles for the working people of India, said Mr Indrajut Gupta, MP and general secretary of the AITUC.

The AITUC, he said, "is calling upon the country's working people to get ready for united action", in support of the demands of their class brothers--all the workers and the farmers of the country.

Mr Gupta was inaugurating the seventeenth conference of the State Committee of the AITUC (BPTUC) at Rishra (district Hooghly) this afternoon. The call for unity and united action was also the central theme in the general secretary's report presented by Mr Bhowani Roy Choudhury.

Mr Gupta said that for the first time India's farmers "have broken the barriers of isolation" and were coming to the field of battle for the main demand of remmerative prices for their produce. The working class must come out in support of the farmers, or else what was the meaning of the slogan of 'workers and peasants unite', he asked.

He also warned the delegates of the conference that the Centre was ready with repressive measures like the National Security Act, which would be used against the rising popular movement. He said workers must realise that severe attacks on their living and working conditions were being planned by the monopolists and transnationals, because the entire capitalist system was in a serious crisis and they would like to place the burdens of the crisis on workers and working people. In the circumstances, he said, there was no alternative for the working people than to unite for a determined battle or repulse the attacks.

He reminded the delegates of the great tradition of the AITUC which, built up in 1920, had united all shades of political opinion into a single trade union movement. Basing on that tradition of united existence, Mr Gupta urged the delegates, the BPTUC must remain the staunchest fighter for unity in the working class movement.

Chairman of the reception committee, Mr Jadu Gopal Sen, who is also the chairman of the Rishra municipality, while welcoming the delegates said that Rishra had

always been in the forefront of the working class movement, as this town is overwhelmingly inhabited by workers of all types of industries.

The conference was being conducted by a presidium of five members including Mahammad Elias, BPTUC president. The delegates were greeted by Mrs Renu Chakravorty on behalf of the Mahila Samiti.

CSO: 4220

## ALL-INDIA MEETING FORMS DEMOCRATIC SOCIALIST FRONT

### Bahuguna Opening Speech

Bombay THE TIMES OF INDIA in English 24 Jan 81 pp 1, 15

[Text] Subhash Nagar (Bombay), January 23.

Mr. H. N. Bahuguna, co-ordinator of the all-India democratic socialist convention, today urged the people to wage a relentless battle in defence of parliamentary democracy which was sought to be "subverted by the ruling clique."

He was delivering the presidential address at the inaugural session of the three-day convention. The venue on the Bandra reclamation ground has been named after Netaji Subhaschandra Bose, whose 84th birth anniversary is being celebrated today.

The ruling clique was propagating that parliamentary institutions were hindrances in the efficient functioning of the executive, Mr. Bahuguna told the vast gathering, including a large number of women delegates. The fact, however, was that most of the political and economic ailments were results of deliberate tampering with democratic institutions, he stated.

Spread of Corruption

In a scathing attack on Mrs. Indira Gandhi, Mr. Bahuguna said it was hypocritical on her part to accuse the opposition parties with violating healthy political norms. She herself had split the Congress and also made opportunistic compromises with other political parties, he observed.

However, before strengthening parliamentary democracy within the country, all political parties should democratise their own organisational structures, Mr. Bahuguna said. Not even the Janata, which was formed with great fanfare to defend democracy, held organisational elections.

Deprecating the spread of corruption in the country, Mr. Bahuguna said it had become a powerful factor in the government's economic decision-making regarding both domestic economic policies and those pertaining to foreign trade. "The heavy burden of such shady decisions of corrupt politicians had to be borne by the common man in the form of increased taxation, galloping inflation and growing unemployment," he noted. Black money economics and politics had caught even the public

sector in their stranglehold. The vital interests of this sector were being sacrificed for promoting narrow political ends and for serving monopoly and multi-national interests, he charged.

/Politics which flourished on black money would serve only those with such ill-gotten wealth after the elections. The need was to smash the bonds between black money and politics. As a first step in this direction, all parties should agree to maintain regular accounts duly audited by the election commission, the former Union minister suggested./ [in boldface]

Covering a wide range of issues, Mr. Bahuguna warned the gathering about the "crisis of unprecedented dimensions" that the nation was facing. "While we must admit with gratitude and with pride that strong foundations for the development of our nation were laid in the early years of independence under the leadership of Pandi Nehru, we cannot close our eyes to the overwhelming problems which had accumulated over the years as a result of drift, ad hocism, opportunism and corruption in the body-politic of the country," he added.

The tragedy was best illustrated by the fact that the nation declared itself to be surplus in foodgrains while thousands of the people were underfed and starving. All the resources were being used for fulfilling the demands of a small group of high-income people, he charged.

Linked to these distortions in the economy was the acute problem of unemployment. It was difficult to say to what extent the live registers at the employment exchanges reflected the real situation. But, the figures showed that the number of unemployed rose from 10.24 million in March, 1977 to 15.95 million in October, 1980.

/Explaining the organisers' decision to hold the convention in Bombay, Mr. Bahuguna said, "within the municipal limits of one single city we see all that India is--we see here the tragedy of India." There was the most vulgar display of ill-gotten wealth alongside the utter destitution of the dispossessed. [as published] "We see here the best brains working on the frontiers of science, seeking to unravel the mysteries of the atom, and alongside there were thousands living in utter ignorance. There was the best of the cultural accomplishments shadowed by the most nauseating cultural depravity," he observed./ [in boldface]

Mr. Dinkar Sakrikar, veteran journalist and chairman of the reception committee, in his welcome address, called upon the people to distinguish the real socialists from the fake ones. This could be done not by the writings of such men, but by the values they followed in their private and public lives, he added.

Among those attending the convention are the Shahi Imam of Delhi, Mr. Ragunath Reddy, former Union minister, and Chowdhary Narayan Singh, former deputy chief minister of U.P.

Proceedings of 24 Jan 81

New Delhi PATRIOT in English 25 Jan 81 pp 1, 11

[Text] Subhash Nagar (Bombay), Jan 24.

Majority of the delegates at the All-India Democratic Socialist Convention, who spoke in the morning session today, demanded immediate formation of a party.

Convention coordinator H. N. Bahuguna was, however, noncommital at this stage. He said something would be known about the new entity tomorrow. He told newsmen: "The greatest danger today is the ruling party. There must be a national alternative to it. That is the first priority."

The morning session was marked by an angry demonstration by the delegates who condemned All India Radio and the television for totally ignoring the convention and burnt an effigy symbolising the controlled media.

Mr Bahuguna, intervening in the morning session, also protested against the radio and TV, which could see only 'two persons' in the country and none else. He also condemned the sabotage of a nine-inch water pipeline which caused much inconvenience to a large number of delegates.

Mr Bahuguna welcomed Mr Rajni Patel who came to the venue with Mrs Bakul Patel. Mr Bahuguna expressed a great sense of satisfaction at Mr and Mrs Patel's presence and said that their friendship with him had endured despite some differences at times.

The morning session began with batches of delegates marching to the main pandal of the convention shouting "Desh Ka Neta Kaisa HO, H. N. Bahuguna Jaisa Ho". The delegates cheered Harishankar Safariwala (Ayodhya) who denounced the rising unemployment of the youth and tore up his university certificates. He urged the convention to condemn the increasing pressure on small newspapers which had made "freedom of the press a shame".

Mr Safariwala urged the convention to form the party based on socialism and said that they should not lose any time now that "socialism has become a living dream in one-thirds of the world". [as published]

Mr Manikrao (Medhak, Andhra Pradesh) said that the people from his place elected Mrs Gandhi to the Lok Sabha but all the promises held out to the voters had been belied. Attacking the attempts to project the idea of presidential form of Government, Mr Manikrao branded Maharashtra Chief Minister A R Antulay in this context as a product of 'place politics'. Mr Vijay Kumar Routray (Orissa) demanded formation of the political party and disclosed that students in his State were in revolt against the present system based on all-round corruption.

Mr Prabhu Nath Tiwari (Bihar) called upon the convention to launch workers and peasants struggles to bring about national mobilisation to form the new party. Mr Janab Mannan (UP) said that Moradabad massacre had shaken up the confidence of Muslims in the country and made a strong plea to mobilise public opinion to build a powerful alternative party of democratic socialism which would make any moves towards family rule impossible.

Mr Pahan (UP) said that 90 per cent of the delegates desired formation of the new party and urged Mr Bahuguna to lead the nation. Mr Akhruddin Lashkar (Assam), Mr G P Saksena (Andhra Pradesh), Mr S N Krishna Murthy (Tamilnadu) Mr Brijlal Verma (UP) also demanded that the convention form a new party.

**SHAHI IMAM SPEAKS**

The Shahi Imam of Jama Masjid also attended the morning session. Others who attended in the morning were Jagdish Sadana a film director and cine actress Padma.

Extending his full support to the convention, Sayyad Abdullah Bukhari said that the battle of the poor was being relived once again because Mrs Gandhi had 'betrayed' them.

He said that he and Mr Bahuguna supported Mrs Gandhi on her commitments to work for the uplift of the poor, but she did not honour them.

The Shahi Imam said that he and Mr Bahuguna also supported the Janata Party on the basis of some principles. They had backed Mrs Indira Gandhi also on the basis of some principles.

He challenged Mrs Gandhi to deny that she came to power with the solid support of Mr Bahuguna and himself.

The Shahi Imam said that he did not want a Muslim Governor, Minister, Chief Minister or even

Vice-President of India, who were mere show-boys of Mrs Gandhi but we want justice for the poor and food, clothes, shelter for them whether they belonged to this or that religion.

He appealed to delegates not to leave the decision formation of the new party solely to Mr Bahuguna. They should share the burden of the great national task.

**NEW SET-UP**

Agencies add:

Mr Bahuguna told a press conference this evening that a "new structural set-up" to replace the convention was expected to take shape on the concluding day tomorrow.

When a newsman pointed out that a majority of the delegates had favoured the formation of a new party as a "viable and credible national alternative", he said the majority view would be respected and any decision would be unanimous.

Describing the Congress-I as "a great danger to every aspect of national life", Mr Bahuguna said everything the ruling party was doing was leading the nation "up a blind alley from where there is no return to democracy"

A detailed statement spelling out the convention's policy on political, economic, social, cultural and administrative aspects would be issued tomorrow, he said.

The post of national coordinator held by him, as well as the steering committee of the convention, would stand abolished with the emergence of a new set-up, he added.

Earlier former Union Labour Minister Raghunatha Reddy called upon all democratic and socialist forces to unite to "retrieve" the country from the present political and economic crises engulfing all aspects of life and threatening to lead it towards its "doom"

Participating in a debate on "the need for a viable national alternative", Mr Reddy said the Congress-I Government had strayed from the path shown by Mahatma Gandhi and Pandit Jawaharlal Nehru, while the Bharatiya Janata Party's "Gandhian Socialism" was for big business and the Janata Party had become irrelevant because of its internal squabbles.

Only the "right political instrument" could carry out the policies needed to change the system, he felt.

Mr Hemvati Nandan Bahuguna urged the delegates to cease imitating Congress culture.

Mr Bahuguna, who is the chief coordinator of the convention, chided the delegates for cheering him whenever he came in and went out of the convention pandal. This defeats the very purpose of the convention, namely destroying the present value system and aiming a new alternative for it, he said.

After the appeal he reiterated his contention at the earlier press briefing that with effect from tomorrow his role as the chief coordinator of the convention would cease and along with the steering committee for the purpose.

'What the new structure is to be, will be decided at the steering committee meeting tonight, where all views expressed by the delegates will be considered,' he said.

In the afternoon session there was caution among the participants in the debate.

Mohammed Moin Ansari (UP), Mr T V Handmanabhan (Andhra Pradesh), Choudhary Narain Singh (Bihar) and others called for proper formulation of policies and programmes and involvement of like-minded persons before deciding to launch a party.

They said the party when formed must deliver the goods. Mere slogan-mongering would not 'do'. Efforts would have to be made to combat opportunism in the new party, they said.

In a powerful appeal, UP students leader Miss Jayamala urged the convention to decide on forming a political party with a time-bound economic programme.

## Concluding Session Reported

Bombay THE TIMES OF INDIA in English 26 Jan 81 p 1

[Text] SUBHASH NAGAR (Bombay), January 25.

SOME 50,000 men and women unanimously approved the formation of a new party called the Democratic Socialist Front at the end of a three-day convention here today.

Later, the delegates to the democratic socialist convention elected Mr. H. N. Bahuguna chairman of the new party. Mr. Bahuguna was raised aloft by applauding admirers, while the spreading chemiana echoed to slogans: "H. N. Bahuguna zindabad."

The resolution on the formation of the party, entitled "Call to the Nation," was moved by Mr. K. V Rashunatha Reddy, a former Union labour minister, and seconded by Mr. Choudhary Narain Singh, a former deputy chief minister of Uttar Pradesh.

By a second resolution, the delegates approved the formation of a 131-member national council and a 21-member executive committee, which will work out all the organisational details by mid-February, Mr. Bahuguna told newsmen later.

Mr. Reddy described the decision to form the new party as "epoch-making." Only a socialistic society established by democratic means could end the increasing exploitation and disparities despite the 30 years of freedom.

"But the democratic institutions are being eroded and are in jeopardy. There is an imminent danger of authoritarian forces taking over. Repression has become the order of the day. Corruption at high places has become all-pervasive destroying economic development," Mr. Reddy lamented.

He told the delegates that the convention could not shirk its responsibility of organising and participating in mass struggles of farmers, working class, the rural poor, students, youths and other exploited sections.

Mr. Reddy appealed to all democratic and socialistic forces to unite an devolve a common programme to meet the situation and forge a viable and powerful alternative.

After the second resolution was moved by Mr. G. C. Bhattacharya, M.P., and seconded by Mr. Neelalochan, DSF leader in Parliament, Mr. Bahuguna said the path of struggle had been chosen to consolidate the socialist, left and democratic forces. The Front was not meant to split the opposition votes, but to strengthen the opposition forces.

The new party, he said, would work for a resurgent, self-reliant society and add new strength to the opposition.

On foreign policy, Mr. Bahuguna said: "We will not interfere in the internal affairs of other nations."

On Assam, he said that the word given to the late Sheikh Mujibur Rehman should not be broken and those who had entered the country before 1971 could not be deported.

Later at a press briefing, Mr. Bahuguna said the "problem of the North-East was one of neglect on the part of the present government in solving the problems. It was an attempt to focus the people's attention on other than national problems.

On the economic front, Mr. Bahuguna said: "the private sector has a role in the overall scheme of things. Mixed economy has failed. The connection between black money and bureaucracy must be broken."

Though he supported the farmers' agitation, he did not know anything about the Kisan rally in Delhi.

He made it clear that he was not seeking entry into any party. All he was doing was to aim at a "regrouping of left and democratic forces."

On the party's future course, Mr. Bahuguna said the formation of the national council should be over in ten days and by mid-February, the working or executive committee should take shape. The party's programme would be announced on Jallianwala Bagh Day (April 13).

CSO: 4220

## OFFICIAL FORESEES TROUBLES WITH ASSAM CENSUS

Bombay THE TIMES OF INDIA in English 20 Jan 81 p 13

[Text] Shillong, January 19: Census operations are not likely to be held in Assam along with other states from February 9 to March 5.

Assam's superintendent of census operations, Mr. N. K. Chowdhury, is understood to have sent a communication to the registrar-general of census operations expressing his inability to follow the schedule.

He is reported to have pointed out that owing to the agitation over the foreign nationals issue and non-cooperation by government employees, the training of the field staff is far behind schedule.

Mr. Chowdhury, it is learnt, has also referred to the situation created by the decision of the All-Assam Students' Union and the All-Assam Gana Sangram Parishad not to allow the census operations to be conducted until the foreign nationals issue is solved and recommended that they be postponed.

The chief secretary, Mr. Ramesh Chandra, is reported to have conveyed the difficulties to the registrar-general and Union home ministry officials.

CSO: 4220

COMMERCE MINISTRY PREDICTS EXPORT GROWTH

Madras THE HINDU in English 20 Jan 81 p 7

[Text] New Delhi, Jan 19. The export projection for 1989-90, the terminal year of this decade, is estimated at Rs 2,570 crores in an approach paper prepared by the Commerce Ministry.

It has worked out the projections for the next 10 years keeping in view the various factors, like past trends in exports, production estimates of major export commodities, current FOB unit value realisations and studies undertaken by various task forces and committees, including the National Commission on Agriculture and the Tandon Committee on Export Strategy for 1980s.

These projections indicate an increase in exports from about Rs 6,400 crores in 1979-80 to Rs 10,150 crores in 1984-85, the final year of the Sixth Plan and to Rs 20,750 crores in 1989-90.

The projections implied an annual average compound rate of growth of about 10 per cent for the Sixth Plan period, ending 1984-85 and about 15 per cent for the next five years.

Trade Deficit: The trade deficit of Rs 2,256 crores in 1979-80 is expected to rise to about Rs 4,000 crores in 1980-81. The large and growing trade deficit and the consequent balance of payment difficulties called for urgent concerted efforts to push up exports on a long-term basis.

The paper gave detailed projection figures for main commodity groups in agriculture and manufactures.

Over the 10 years, exports of agricultural products are projected to increase at about 11 per cent and manufacturers' exports at about 13 per cent per annum.

The rate of growth for agricultural products is estimated to be somewhat higher in the first half and lower in the second half of the decade. For manufactures, the growth rate is assumed to be lower in the first half and higher in the second.

The increase in the first five years in the value of exports is expected to be contributed mainly by rice and cereals, marine products, iron ore and concentrates, leather and leather goods, engineering goods, gems and jewellery,

garments, handicrafts and chemicals and allied products which account for about two-thirds of the total increase.

In 1960-61 the agricultural sector contributed about 60 per cent of the gross domestic product (GDP) and agricultural exports comprising food items and raw materials for agro-based industries, about 43 per cent of the total exports.

Due to various reasons, the share of agriculture in total exports had declined gradually to only 27 per cent in 1978-79.

The main reason for the decline in agricultural exports has been the stagnant output and the low per acre yield. The productivity levels for various commodities are considerably lower than those realised in most of the other competing countries.

There are variations in productivity levels of various crops even among the different States. With adequate investments, it is possible to raise productivity and output levels substantially which might enable generation of larger exportable surpluses.

Exports of principal agricultural and allied commodities are estimated to rise from Rs 1741 crores in 1979-80 to Rs 3,450 crores in 1984-85 and Rs 4,920 crores in 1989-90, the increase being mainly in rice and cereals, marine products, processed foods and plantations.

Exports of cereals and rice are projected to increase from 5.7 lakh tonnes valued at Rs 131 crores in 1979-80 to 30 lakh tonnes valued at Rs 675 crores in 1984-85 and 50 lakh tonnes valued at Rs 1,125 crores in 1989-90.

Fisheries Resources: India is rich in fisheries resources. With adequate augmentation of the fishing fleet, it is possible to substantially increase and diversify fish catches.

Marine products are, therefore, projected to rise from 90,000 tonnes valued at Rs 253 crores in 1979-80 to 1.5 lakh tonnes valued at Rs 550 crores in 1984-85 and 2.5 lakh tonnes valued at Rs 810 crores in 1989-90.

Tea, coffee and cardamom contribute significantly to merchandise exports. There is substantial scope for increasing the output of these commodities, particularly in the non-traditional areas. Plantations exports are, therefore, estimated to increase from Rs 579 crores in 1979-80 to Rs 835 crores in 1984-85 and Rs 1,040 crores in 1989-90, implying a growth rate of five to six per cent per annum, the biggest contributor being tea.

Iron ore exports, including concentrates and pellets, may increase from Rs 253 crores in the base year 1979-80 to Rs 515 crores in 1984-85 and Rs 800 crores in 1989-90.

With the commissioning of the Kudremukh mines, it should be possible to increase these exports from 24 million tonnes in 1979-80 to 37 million tonnes in 1984-85 and further to 50 million tonnes in 1989-90, the emphasis gradually shifting to value added and processed items like pellets.

The country's share of manufactures' exports in the world market was about 0.5 per cent in 1978. If India has to realise a share of one per cent in world manufactures' exports by 1990, exports should grow at a compound rate of 13 per cent per annum over the period.

Manufactures exports are projected to rise from about Rs 3,600 crores in 1979-80 to about Rs 6,000 crores in 1984-85 and Rs 14,420 crores in 1989-90.

The engineering goods exports are estimated to increase to Rs 1,275 crores in 1984-85 and further to Rs 2,632 crores in 1989-90, implying an annual growth rate of 13 to 15 per cent over the two Plan periods.

The exports of gems and jewellery are envisaged to increase from Rs 575 crores in 1979-80 to Rs 1,000 crores in 1984-85 and to Rs 4,500 crores in 1989-90.

There is a substantial demand for these goods in the industrialised and oil rich Gulf countries. This assumes that the supply of rough diamonds will be ensured through liberal imports policy and top priority given to mining of diamonds within the country.

The leather and leather goods exports are estimated to increase from Rs 400 crores in 1979-80 to Rs 560 crores in 1984-85 and Rs 1,578 crores in 1989-90, indicating an annual growth rate of about 14.5 per cent over the decade.

Textiles' Exports: Exports of cotton textiles, silk and art silk, and woollens are expected to increase from Rs 880 crores in 1979-80 to Rs 1,120 crores in 1984-85 and Rs 1,970 crores by the end of 1989-90, indicating a growth rate of a little over eight per cent.

Exports of textiles covering cotton piece goods, both handloom and mill made, readymade garments, hosiery and yarn are estimated to have reached a level of Rs 754 crores in 1979-80 as against Rs 638 crores in 1978-79.

With the import of wide-width looms and sophisticated processing machinery, diversification of production to produce such items as canvas, terry towels, pillow covers and bedsheets for the international market and with encouragement of exports of blended fabrics and garments, it should be possible to realise the moderate targets set out in the paper.--UNI

CSO: 4220

'UNI PRESS AGENCY' INTERVIEWS NOTED ECONOMIST

Bombay THE TIMES OF INDIA in English 30 Jan 81 p 7

[Interview with Malcolm Adiseshiah, economist and Rajya Sabha member, by UNI PRESS AGENCY; date and place not given]

[Text] New Delhi, January 29 (UNI)--The noted economist and Rajya Sabha member, Dr Malcolm Adiseshiah, has disagreed with the finance minister's contention that inflation had been contained last year.

In an exclusive interview on the pre-budget economic scene, he said that inflation was 15 per cent from April to September 1980 and would be another six to eight per cent in the second half of the financial year.

However, he shared his optimism that the economy had turned the corner with the prospect of four to five per cent growth last year. Assuming industrial production would be maintained at seven to eight per cent, he thinks that the rate of growth next year (1981-82) would be three per cent.

As an anti-inflationary measure, Dr Adiseshiah urged immediate steps to curb oil consumption of 29 million tonnes during the sixth plan and 36 million tonnes in the seventh plan.

In this connection, he wanted the railways to reconsider its plan to phase out steam locomotives. He called for the formulation of national energy policy immediately.

Augmentation of resources for investment in the private sector and better management of the public undertakings was also urged by him.

Dr Adiseshaih said that the continuing inflation was caused by shortfalls in industrial and certain sectors of agricultural production such as edible oils, pulses and sugarcane and import of inflation mainly because of the rising prices of imported crude. He predicted further increase in crude prices next year by 20 per cent.

Crude prices, according to him, could touch $100 a barrel at the turn of the century as against $38 to $40 a barrel now. Import of capital goods, cement, fertilisers and edible oils at rising prices would add to the continuing inflation. According to him the current inflation was not due to increase in money supply but because of production shortfalls. This could be tackled only by enhancing production.

Basic Goods

He said inflation could be contained by enhancing production especially of basic goods and framing and executing a national energy policy (there is none at present according to him) to reduce dependence on imported oil and enhance use of renewable sources of energy and raising the purchasing power of the people.

Referring to the problem of poverty, he said that lowering the percentage of people below the poverty line should be done through short-term and long-term measures.

Short-term measures were massive investment in public works programmes such as food for work programme, employment guarantee programme and self-sufficiency programme. The amount allocated for these programmes now needed to be doubled or trebled.

Referring to the farmers' demands, he said farmers deserved a remunerative price. The present practice of calculating a national average of cost of production of major crops was irrational. Prices would have to be fixed at the regional or state level considering the cost of production prevailing in each state or region. With enhanced price for farm products, consumers no doubt would have to pay more. Dual pricing with subsidy could be introduced to help the weaker sections. Remunerative prices would also lead to increased production, he felt.

As for the corporate sector, he said the finance minister should be more patient. Industrial growth was now picking up. The corporate sector had many constraints. It was starved of resources for capital investment, modernisation and working capital. This was mainly because of the existence of a parallel economy where resources were diverted to area of high returns. More resources should be made available to the corporate sector and the parallel economy should be curbed.

CSO: 4220

## CSO REPORTS 5 PERCENT FALL IN NATIONAL INCOME

Madras THE HINDU in English 29 Jan 81 p 9

[Text] New Delhi, Jan. 28.

A big increase in prices during 1979-80 has brought about a five per cent fall in national income, compared to 1978-79, at constant prices with 1970-71 as the base year, according to the quick estimates made by the Central Statistical Organisation.

Low performance in domestic products during 1979-80 has resulted in a large fall in the net domestic product. The production of foodgrains declined from 131.9 million tonnes in 1978-79 to 108.8 million tonnes in 1979-80.

Major oilseeds and sugarcane production fell by 13.6 per cent and 15.6 per cent respectively. This has resulted in an overall fall of 12.7 per cent in the agricultural sector.

The other sectors which have recorded fall in production during 1979-80 compared to 1978-79 are construction (6.6 per cent), railways (6.4 per cent), and manufacturing (particularly food products, beverages and tobacco).

The large fall in the sectors of agriculture etc., has somewhat been compensated by the growth around eight per cent in the transport sectors (other than railways), communication and public administration and defence.

The sectors of electricity, gas and water supply, other services and rental income from dwellings also recorded a growth over the period, though smaller (two to four per cent).

There has been a five per cent fall in the total national income between 1978-79 and 1979-80.

At 1970-71 prices the total national income in 1979-80 has been estimated at Rs. 44,328 crores against Rs. 46,636 crores in 1978-79, amounting to a 6.8 per cent fall in the per capita income because of an overall estimated increase of two per cent in population.

However, at current prices the national income for 1979-80 stands at Rs. 90,173 crores compared to Rs. 81,228 crores in the previous year recording a growth of 11 per cent.

Per Capita Income: The per capita income at current prices in 1979-80 is estimated at Rs. 1,378 compared to Rs. 1,267 in 1978-79. The corresponding estimate for 1970-71 is Rs. 633. At current prices the per capita income has more than doubled over the decade.

Domestic saving during 1979-80 amounts to Rs. 16,378 crores which is roughly 16.1 per cent of the net domestic product. Thus the rate of saving (net) recorded a fall during the year.

This has been due to a fall in the level of saving of both the household and the public sectors. The financial saving of the household sector has recorded a low level in 1979-80 mainly because of the decline in their currency holdings and net deposits with the scheduled commercial banks.

The substantial rise in the household saving in the form of contributions to provident and pension funds and life funds and the increase in net claim of Government have not been large enough to compensate for the decline in the levels of saving in currency and deposits (net).

As regards the public sector, the non-departmental enterprises have recorded a marginal rise in saving (Rs. 60 crores) during 1979-80, but the savings by the administrative departments have shown substantial fall (nearlly Rs. 1,000 crores). [as published] This decline has been the result of comparatively higher increase in the level of total expenditure compared to the corresponding rise in the total receipts of the administrative departments.

Primary factors responsible for this rise in expenditure are higher subsidy towards food, fertilizers and export-oriented industries besides greater administrative expenditure including those on compensation to employees.

Capital Formation: There has also been a decline in the rate of capital formation at current prices during the year (16.6 per cent compared to 19 per cent in 1978-79). Whereas over the four-year period beginning 1975-76, the rate of saving was higher than the rate of capital formation (particularly during 1976-77 and 1977-78) the situation has reversed to a state of higher rate of capital formation compared to the saving rate in 1979-80.

One of the factors responsible for this differential behaviour of rates of savings and capital formation has been the change from a state of favourable balance of trade and substantial remittances from aborad in 1976-77 and 1977-78 to a reversal of the situation particularly due to oil price rise in the international market. [as published]

The special feature of capital formation during 1979-80 has been higher fixed capital formation and the low level of addition to the inventories held. However, the distribution of the stocks held by the institutional sectors registered differential pattern.

In the case of public sector non-departmental enterprises the change in stocks held during 1979-80 nearly doubled compared with the corresponding level in 1978-79. This sharp rise in the stock accumulation was mainly because of the stock holding

of sensitive items like edible oils, newsprint, rubber, etc., with the State Trading Corporation, those of finished and semi-finished products with the Steel Authority of India and the increase in stocks with the Indian Oil Corporation. The change in stocks in the hands of the household sector was, however, substantially lower in 1979-80.

At constant prices the level of net domestic capital formation also declined during 1979-80 (14.7 per cent in 1979-80, 16.8 per cent in the 1978-79 and 14.4 per cent in 1977-78). This fall manifested itself in the form of lower level of construction activity during the year and depletion of stocks due to fall in production, particularly of consumer goods.

CSO: 4220

# SOVIET, NATION'S ECONOMIES INEXTRICABLY INTERTWINED

Kuala Lumpur BUSINESS TIMES in English 30 Dec 80 p 6

[Article by K.K. Sharma in New Delhi]

[Text]

WHEN the Indian government recently asked the USSR for increased supplies of crude oil on a long term basis, the immediate response was favourable but conditional. Soviet crude was either committed to the home market or to Eastern Europe, and it would be difficult to make provision for others, was the reply. But additional shipments were possible if India appeared in return to supply foodgrain, also on a long term basis.

The Indian government has had large stocks for the past five years, ranging from 13 million to 21 million tonnes, but is still not confident of being able to handle the food situation if the monsoon fails twice in a row.

But the request is being considered and it is on the cards that more agreements will follow of the type under which the USSR supplied 700,000 tonnes of crude to India in 1980 in exchange for an equivalent quantity of rice.

Meanwhile, the USSR has agreed to supply India with the additional crude urgently needed to bridge the gap created by the disruption of supplies from Iran and Iraq. It will now supply 2.5 million tonnes of crude in 1981 in place of the usual 1.5 million tonnes and this will gradually be increased to 4 million tonnes a year.

This needed a political decision, which came almost certainly because of the Soviet wish that Mr Brezhnev's recent visit to India should be made to appear a major success.

This was fortunate for India which has been promised much more than oil. Apart from a new Roubles 532 million (£337 million) aid package which will speed up India's industrialisation, a long term trade agreement has been signed that will double Indo-Soviet trade within five years from Rs 32.5 billion (£2.8 billion) in 1979 to around Rs 100 billion (£8.6 billion) in 1985 at current prices. This will make the USSR India's largest trading partner. It is already the USSR's largest trading partner in the Third World.

Much of the rapid increase in Indo-Soviet trade from Rs 13 million in 1953 to Rs 13 billion in 1963 and Rs 30 billion in 1970 is because of the USSR's involvement in India's industrial development.

More than 70 major industrial projects have been completed or are being implemented with Soviet assistance. These have invitably required import of Soviet equipment and machinery, even though India has become increasingly self-sufficient in industrial hardware.

USSR involvement in India's sixth five year plan (1980-85) remains substantial. It includes increasing the capacity of the steel plants at Bokaro in Bihar and Bhilai in Madhya Pradesh to 4 million tonnes each and to establish a new 1 million tonne steel plant at Vishakapatnam in Andhra.

Other major new projects include a 800,000 tonnes alumina plant in Andhra. The USSR is to help improve India's hopelessly inefficient power-generating capacity and upgrade coal-mining methods so that two major constraints on industrial production can be eased.

It has agreed to take part in a giant energy complex consisting of a 1 million kw super thermal plant, open coal mines and two factories for enriching coal, all at Singrauli in Uttar Pradesh. A 900 km transmission line is part of the ambitious project.

New areas of collaboration include coal mines in Jharia in Bihar with an annual capacity of 2.8 million tonnes and another huge complex of mines at Mukund, with an annual capacity of 12 million tonnes. These will meet all the coking coal requirements of the Bhilai and Bokaro steel plants after their expansion.

Many more projects involving import of machinery — some to modernise Soviet aided projects established in the 1960s, have been agreed. Possibly the most important of these are in oil exploration, offshore and onshore.

The USSR is undoubtedly gaining much political mileage out of the aid and trade with India since the scale of the cooperation is such that the two economies are now inextricably intertwined. But it has bargained hard for the economic help, and substantial quantities of Indian consumer goods and, increasingly, manufactured products are going to the USSR in return. — PT

CSO: 4220

STUDY SHOWS POSSIBLE INDUSTRIAL INVESTMENT SLOWDOWN

Calcutta THE STATESMAN in English 24 Jan 81 p 7

[Text] New Delhi, Jan. 23.--The sharp escalation in capital costs of projects in the 1970s made a majority of industrial projects progressively unviable, according to a study of over 200 industrial projects by the Economic and Scientific Research Foundation.

The study apprehends a further slowdown in investment in the 1980s if serious distortions in project viability are not rectified and the balance between prices and costs not restored.

An analysis of trends in investment costs over the period 1968-78 reveals the following features: First, annual increases in project costs ranged from 7% to 13% with industry-wise increases being as follows: Sugar from Rs 1,209 to Rs 3,497 per ton, nylon Rs 52,005 to Rs 78,021 per ton, cement Rs 240 to Rs 556 per ton, fertilizers Rs 2,158 to Rs 4,085 per ton, aluminium Rs 7,500 to Rs 15,660 per ton, mini-steel Rs 1,800 to Rs 1,900 per ton, iron and steel Rs 2,104 to Rs 4,722 per ton and cotton spinning Rs 768 to Rs 2,287 per spindle.

Second, there are wide differences in project costs owing to factors like scale of production and the technology used. The minimum and maximum cost varied widely. They were Rs 2,286 and Rs 4,488 per ton for sugar, Rs 533 and Rs 578 per ton for cement, Rs 6,405 and Rs 8,074 for paper, Rs 1,689 and, Rs 2,628 for fertilisers, Rs 1,950 and Rs 2,350 for iron and steel and Rs 1,738 and Rs 3,077 per spindle for cotton spinning.

Third, cost over-runs were a common feature and totalled Rs 233 crores between 1970-71 and 1977-78. Out of 88 industrial projects reporting over-runs, more than three-fourths (68) were implemented in the five-year period 1973-74 to 1977-78.

Examining the major causes of cost escalation, the study contends that pronounced upward trends in prices of plant and machinery and in construction material have been mainly responsible.

Further, exchange rate changes pushed the initial cost of imported plant and machinery bought on deferred payments in strong currencies. Implementation delays, defective project planning and inadequate follow up had also caused avoidable cost escalations in many cases.

The study makes a quantitative assessment of the likely impact of rising investmet costs on project viability. [as published] It finds that interest and depreciation charges for the new units were high and substantially exceeded those of the established units.

New units were, therefore, faced with unremunerative price levels. Quantifying this phenomena, the study points out that the current ex-factory prices are substantially below the expected price realization based on total cost of production and normal rates of return.

Even at 100% capacity utilization, the break-even operations are nowhere is sight. [as published] New units in steel, cement, paper and nylon will incur losses as current ex-factory prices would still be below expected prices by 42% in cement, 36% in steel, 25% in paper and 22% in nylon.

CSO: 4220

RESERVE BANK GOVERNOR SEES DROP IN FOREIGN EXCHANGE

Calcutta THE STATESMAN in English 26 Jan 81 pp 1, 10

[Text] Mr I. G. Patel, Governor of the Reserve Bank of India, said in Calcutta on Sunday that the foreign exchange reserves of the country would go down by Rs 700 crores during the current financial year because of trade deficits. Despite this the 1981-82 financial year will open with a substantial reserve of about Rs 4,700 crores on account of foreign exchange reserves of earlier years.

Mr Patel who was inaugurating the first conference of the Bengal Economic Association, an organization of economists in West Bengal, said that the gaps between imports of visible items during the current year would be of the order of Rs 4,500 crores. Flow of invisible items of trade, however, would make up a portion of the gap and the deficit of the balance of trade account was likely to be about Rs 2,600 crores. The net inflow of foreign aid in the country during the financial year would be about Rs 1,100 crores. Added to it borrowings from the International Monetary Fund during 1980-81 of about Rs 800 crores would mean a balance of payments deficit of more than Rs 700 crores. The current financial year begun with a foreign exchange reserve of Rs 5,400 crores. [as published] Mr Patel commented that the situation was not happy, but not alarming either.

During a discussion of the problems and prospects of industrial regeneration in West Bengal, Mr Asim Dasgupta of the Department of Economics, Calcutta University, suggested that the basic constraint on industrial development of the State could be found in the structure of ownership and control of industries. Citing the example of jute industry he said that a recent report of the Parliamentary Consultative Committee had pointed out that ownership of jute industry was monopolized by a few big industrial houses.

He said that the by virtue of the monopoly position, the jute industry could at the same time keep the price of raw jute down and artificially push up the price of manufactured jute goods. [as published] He quoted figures released by the Indian Jute Mills Association to show that while the price of raw jute of a particular grade had gone down from Rs 222.96 a quintal to Rs 216.81 a quintal between 1977-78 and 1978-79 the price of hessian per 100 metres had gone up from Rs 146.28 to Rs 177.86 and that of sacking from Rs 362.30 for 100 bags to Rs 426.87 during the period.

He held that the internal market for jute products was good and expanding. The internal demand as percentage of total demand of jute goods had gone up from 44.4

to 62.8 between 1974-75 and 1976-77. The trend of total demand was also mildly rising over the past decade. During this period, the total demand had risen from about 1,050 thousand tons to about 1,180 thousand tons. It was suggested that the jute industry would do well to concentrate on the domestic market, because increasing business of the Food Corporation of India and rising production in industries such as cement indicated a good demand position in future.

Mr Dasgupta said that the jute industry was virtually stagnant during the past 20 years. Between 1960 and 1978 production of jute industry in West Bengal had gone down from 1.08 million tons to 1.04 million tons. There was hardly any reinvestment of profit in the industry and the loom strength was almost stagnant during the past decade. He said that there was a strong case for the public sector setting up mini jute mills in jute-producing districts of West Bengal like Jalpaiguri Malda, Murshidabad and Nadia.

CSO: 4220

INDUSTRIAL DEVELOPMENT BANK SEEKS INVESTMENTS

Madras THE HINDU in English 21 Jan 81 p 6

[Text] New Delhi, Jan 20. The Industrial Development Bank of India (IDBI) is negotiating with some of the banks in the Gulf States for canalising the flow of investible funds from these countries.

The IDBI is also making efforts to obtain Euro-dollar currency credits for financing the foreign exchange cost of major projects and it is hopeful of getting loans at interest rates of 12 to 12.5 per cent against much higher rates of 17 or 18 per cent.

The bank is focussing its interest mainly on export-oriented and joint venture projects.

It has further urged the Union Government that in view of the fast growing demand for capital funds to meet the needs of modernisation programmes and export-oriented units, it should be allowed to raise more funds from the floating of bonds than it has been allowed so far.

While giving permission to the IDBI, the IFC and other statutory bodies like the State Electricity Boards, the Government is guided mainly by its estimates of the availability of funds in the banking system which can support the market borrowing programmes of the Centre and the States and those of these autonomous bodies.

The IDBI was allowed to float bonds only to the tune of Rs 400 crores in 1980-81 against its request for Rs 600 crores. The matter is engaging the attention of the Planning Commission.

Merger of Sick Units: It has also made a few suggestions to the Finance Ministry for the speedier clearance of cases relating to the amalgamation of sick units under Section 72 A of the Income-Tax Act. So far only 19 merger proposals have been approved.

The IDBI has suggested, among other things, that once the steering committee of the ministry has cleared merger proposals, there should be no need to secure further clearance under the provisions of the Monopolies and Restrictive Trade Practices (MRTP) Act.

Acceptance of this suggestion will, however, call for the amendment of both the Acts.

The IDBI seems to believe that lately the Gulf countries have become reluctant to invest in Europe and the opportune moment has come now to make efforts to attract petro-dollars in a big way for investment especially because it considers that India's image in these countries is quite good.

The bank, however, feels that far more persistence is called for both by the Government and the private industry regarding joint ventures abroad to put to good use the opportunities they hold out to India.

Joint Projects: The record of India's joint venture projects already in operation is not particularly bright. Out of a total number of 390 projects which have been approved by the Government so far, only 116 are in operation representing a total investment of about Rs 35 crores.

About 190 projects have been completely abandoned for some reason or other, while the remaining 84 are in different stages of implementation. The IDBI is, therefore, giving considerable attention to nourishing the joint venture projects already set up and those on the anvil.

Soft Loan Schemes: The IDBI proposes to expand the list of industries eligible for assistance under its soft loan schemes for modernisation now covering cotton textiles, cement, sugar, jute and engineering, to include projects for afforestation both by the public and private sectors.

A study made by the IDBI about the utilisation of assistance given under the soft loan schemes has shown that it is the "sturdier" among the units in the industries covered by the scheme that have benefited more from the assistance than the weaker ones.

For the three years ending June 1980, the IDBI, the Industrial Finance Corporation of India (IFCI) and the Industrial Credit and Investment Corporation of India (ICICI) have sanctioned assistance of Rs 423.28 crores to 243 units in the private sector and Rs 61.16 crores to 45 units in the public and cooperative sectors under the loan scheme.

The share of the private sector in the total sanctions was more because the number of applications received from that sector was larger.

The progress of assistance given to the National Textile Corporation (NTC) under the scheme has been sticky mainly because of the difficulties in depositing the title deeds by the NTC.

Since title deeds may not be readily available in all cases, the IDBI is considering other suitable arrangements.

Disbursements by way of bridge finance of up to 90 per cent of the sanctioned loans are being made by the institutions against the guarantee of the NPC and the hypothecation of the assets of the units concerned.

CSO: 4220

DEVELOPMENT BANK HEAD SPEAKS AT BANGALORE MEETING

Madras THE HINDU in English 26 Jan 81 p 9

[Text] Bangalore, Jan. 25. The Union Government has taken a sympathetic view of the recent problem of resources constraint, faced by the Industrial Development Bank of India, and has promised the bank all assistance.

This was stated by Mr N. N. Pai, Chairman and Managing Director of the IDBI, while addressing the members of the Federation of Karnataka Chambers of Commerce and Industry here on Saturday.

Until now the bank was relying on internal resources generated by floating the Government-guaranteed bonds, as also from revenue arising out of interest, income and also of shares.

The resources constraint development had taken place on account of the steep increase in prices and over-runs of the projects assisted by the bank. The bank, therefore, had now to look for other sources of financial resources and was making an effort to mobilise external resources.

Negotiations were at present being carried on with some of the international financing agencies such as the World Bank and commercial banks, according to Mr Pai.

Mr Pai, however, explained that the cost of funds would be high, but expressed the hope that on a long range basis, it would be possible to get a concessional rate of interest.

He also made a mention of the risk of exchange fluctuations and said it would lead to the problem of debt servicing. A way would have to be found out to cover this risk on a long term basis.

At present the bank was covering the risk only for six months.

Mr Pai referred to the plea of the Federation President, Mr J. A. K. Murthy, for liberalising the debt-equity ratio (depending upon the viability of the project) and explained that financing institutions would have to play a critical role in bringing about a sense of balance in this respect.

Liberalisation of debt-equity ratio and reduction in the promoters' contribution, Mr Pai felt, might give some initial boost to investment climate in the country, but it was bound to lead to greater problems of debt servicing in the forthcoming years, particularly when conditions of uncertainty prevailed in the country. A working group was going in to the question, he said.

Mr Pai said the bank also was trying to build up a cadre of senior management personnel with specialisation in a particular industry so that they could be used as sort of trouble-shooters, in taking care of projects as and when they became sick and required to be nursed. The bank hoped to build up the capability in the course of the next two years.

The Chairman of the Bank said that out of a total of six lakh small-scale units in the country, as many as two lakhs were nursed by financing institutions involving an outlay of Rs 450 crores.

Mr Pai pointed out diversion of working capital and mismanagement of funds by acquiring fixed assets as causes of sickness of units.

Mr Murthy pleaded for modifying the norms relating to contribution by promoters so that the promoter's contribution was limited to 40 per cent of the share capital or 10 per cent of the project cost, whichever was less.

Alternatively the stock exchange regulations or the MRTP procedures could be amended in such a manner that the promoters were allowed to hold more than 40 per cent of the share capital.

Mr Murthy also referred to the power cuts affecting production and suggested financial institutions to consider moratorium on payment of interest instalments, soft terms in regard to interest during the period of power cut and any such payment to commence only three months after the lifting of power cut and also to sanction on ad hoc basis loans for the purchase of generators.

Speaking at a news conference Mr Pai referred to deep inroads made into foreign exchange reserves due to steep hike in oil prices and decrease in foreign exchange remittances by non-resident Indians, and said the trade gap would be about Rs 5,000 crores.

IDBI had guaranteed seed money and some incentives had also been given. But out of 390 units approved, only 116 projects were at present working with a total investment of Rs 35 crores. About 84 projects involving an investment of Rs 54 crores were being processed. About 190 projects had been abandoned and the Bank was now examining whether those projects could be resurrected, Mr Pai said.

CSO: 4220

# SURVEYS SHOW GOLD SMUGGLED OUT OF INDIA

New Delhi PATRIOT in English 23 Jan 81 pp 1, 9

[Text]

GOLD in very large qumntities it is learnt, has started going out of the country since the new government came into power. This is a reversal of the trend of the past three years when the precious metal was being smuggled into India from abroad, according to a confidential report yet to be submitted to the Finance Ministry.

If the total quantity of gold seized at exit points is any indication then it has beaten all previous records in outwards smuggling In 11 months, till November 1980, the intelligence network had seized gold worth Rs 81 lakhs at various exit points. However, not a single gold bangle or biscuit was detected being smuggled out of the country in 1979, though Rs 1,38 lakhs worth of gold was seized while it was being brought in.

The gold smuggling phenomenon is attributed to fluctuating gold prices in the international market. It must be borne in mind, intelligence sources point out, that the amount of gold seized is generally one-tenth of the quantum that gets through the borders undetected.

Organised gangs of international smugglers have become more active on the Indian soil in the last 14 months, according to information contained in the secret documents of various intelligence services. The reports indicate that never before have these gangs operated with such freedom as since 1974.

One look at a top secret survey that was updated to 30 November last year, makes it clear that the international underground gold traders are now looking to their Indian counterparts to keep them in good supply of contraband gold. The Indian smugglers have not disappointed them, the report holds.

## MORE CASES

The secret reports also say that organised smuggling throughout last year has been more — 30,000 cases of smuggling have come to light with the contraband being confiscated before it could hit the market.

Organised smuggling was at an ebb during January-December 1978 when only 29,000 cases were unearthed and prosecution proceedings launched. In 1979 the figure again registered an increase with over 32,000 cases being detected. The increase is attributed to the political uncertainty in the country during that period.

But it was last year again which indicated that the general smugglers' choice for more expensive things got a ready market in the country due to larger circulation of unaccounted money.

CSO: 4220

## MORE DETAILS GIVEN ON DRAFT FIVE-YEAR PLAN

New Delhi PATRIOT in English 28 Jan 81 p 8

[Text]

**A RS 12,000-CRORE plan has been finalised for the development of irrigation in the country in the next five years, reports UNI.**

Union Agriculture Minister Rao Birendra Singh, who also holds charge of the irrigation portfolio, told a meeting of Parliamentary Consultative Committee for irrigation on Tuesday that the outlay for irrigation represented 12 per cent of the total plan outlay.

The Plan envisaged bringing an additional 15 million hectares under irrigation over a five-year period, or an additional three million hectares under irrigation every year.

The irrigation potential created so far totalled 57 million hectares.

During the discussions, members, while generally approving the sixth Plan proposals for irrigation, expressed the view that harnessing of river waters should be brought under the Concurrent List.

A suggestion was made for establishment of river valley boards on the pattern of the Brahmaputra board to ensure proper utilisation of waters by riparian States, pending a comprehensive central legislative measure on the subject.

Other suggestions made by members included creation of more irrigation potential in drought prone areas, joint inter-State control of headworks of projects, and drawing up of a terms will be 80 per cent more time-bound programme for the implementation of the various projects.

The draft outline of the sixth five-year Plan approved by the Cabinet last week will have an aggregate outlay of Rs 1,72,210 crores—Rs 97,500 crores for the public sector and Rs 74,710 crores for the private sector.

The Plan aims at an annual growth rate of 5.2 per cent compared to an average of 3.5 per cent a year over the last 30 years.

Per capita income is proposed to be increase by 3.3 per cent. In absolute terms, per capita income is expected to go up from Rs 1,484 to Rs 1,744 by 1984-85 at the prices prevailing in 1979-80.

According to the document, the outlay for the public sector represents an increase of 148 per cent over that of the fifth Plan. Allowing for the rise in prices since then, the outlay in real

The following table shows the allocations (in crores of rupees) among the various sectors together with the allocations made in the fifth Plan:

| Sector | V Plan | VI Plan |
|---|---|---|
| Agriculture | 2,606 | 5,605 |
| Rural development and cooperation | 1,162 | 5,364 |
| Special area programmes | 650 | 1,480 |
| Irrigation and flood control | 4,432 | 12,160 |
| Energy | 9,855 | 26,535 |
| Industry and minerals | 7,362 | 15,018 |
| Transport | 8,528 | 12,412 |
| Communications including Information and broadcasting | 1,289 | 2,134 |
| Science and technology | 436 | 865 |
| Social services and others | 6,102 | 14,837 |
| Total: | 39,322 | 97,500 |

The Centre and the States will together mobilise additional resources to the extent of Rs 21,302 crores to finance an outlay of Rs 97,500 during the sixth five-year Plan in the public sector.

The National Development Council meeting here on 13 & 14 February will finally endorse the document.

The following table gives the break-up of the resources in crores of rupees to be raised by the Centre and the States:

| Sources | Central | States | Total |
|---|---|---|---|
| Balance from current revenues at 78-80 level of taxation | 1,178 | 13,300 | 14,478 |
| Public enterprises | 9,911 | 516 | 9,395 |
| Market borrowings, excluding such borrowings of financial institutions | 15,000 | 4,500 | 19,500 |
| Small savings | 2,112 | 4,351 | 6,463 |
| Provident funds | 1,660 | 2,042 | 3,702 |
| Term loans from financial institutions | Nil | 2,722 | 2,722 |
| Miscellaneous capital receipts | 6,170 | 2,161 | 4,009 |
| Inflow of foreign resources: | | | |
| (A) Net aid | 5,889 | Nil | 5,889 |
| (B) Commercial credit | 3,500 | Nil | 3,500 |
| (C) IMF trust fund | 540 | Nil | 540 |
| Drawing down sterling balances | 1,000 | Nil | 1,000 |
| Addl. resoure mobilisation | 12,290 | 9,012 | 21,302 |
| Uncovered gap | 5,000 | Nil | 5,000 |
| Total resources | 64,250 | 33,250 | 97,500 |
| Central assistance for Plan | 15,350 | 15,350 (including U.Ts) | |
| Resources for Plan | 48,900 | 48,600 | 97,500 |

CSO: 4220

## PROCESS OF UPDATING CONSUMER PRICE INDEX DESCRIBED

Calcutta THE STATESMAN in English 21 Jan 81 p 14

[Text]

REPRESENTATIVES of chambers of commerce and central trade unions at a meeting with officials of the Labour Bureau of the Union Government and the Labour Commissioner of the West Bengal Government in Calcutta on Tuesday discussed issues relating to the updating of the base year for computing the All-India Consumer Price Index for industrial workers. The Labour Ministry has decided to update the base year to 1981 from the existing base of 1960-61 prices and expenditure pattern.

Senior officials of the Labour Bureau said that 70 centres and over 200 items of mass consumption had been selected for computation of the index. Factory, mining and plantation workers had been included in the category of industrial workers. A separate index for each of the centres and an average all-India figure would be computed. Data collection and calculations, however, would take some time and the indices were likely to be ready by early 1984.

The need for updating the base year had been felt because of the belief that the consumption pattern of the working classes had changed appreciably since the earlier survey. New items of consumption had been included into the working class budget. Relatively costly items such as the bicycle and radio had been included in the price schedule on which data would be collected.

The National Sample Survey Organization would conduct the survey on the expenditure pattern of workers. The Labour Bureau would compute the weighing diagrams. Collection of data on retail prices would, however, be the responsibility of the State Governments.

Among the 70 centres, West Bengal has a maximum number of eight, including Asansol, Calcutta, Darjeeling, Durgapur, Haldia, Howrah industrial area, Jalpaiguri and Raniganj. Officials of the Labour Bureau explained that this was because of the fact that West Bengal had all the three categories of industrial workers—factory, plantation and mining. The broad categories would also include workers engaged in railways, public motor transport undertakings, electricity generating and distributing establishments and ports and docks.

During Tuesday's meeting, some of the central trade unions demanded that their representatives be included in teams engaged in the collection of data on prices. Officials of the Labour Bureau, however, said that this was not acceptable for inclusion of interested parties might lead to distortions in the data collected. The trade unions also demanded that the sample size should increase.

The officials, however, added that the increase in the working class population during the past decade had been taken into account in calculating the sample size. They stressed the need for increasing the manpower of the Labour Bureau for field and supervisory workers for a reliable survey. For the present survey the number of centres had been increased to 70 from 50 in the 1960s and the number of items from 130 to about 250.

The Labour Bureau is also working on a scheme to update the index of agricultural consumer prices. Categories other than agricultural labourers would be included to make it a Rural Consumer Price Index, the officials added. The number of villages to be covered would also be increased.

CSO: 4220

KERALA'S SIXTH PLAN STRESSES EMPLOYMENT

New Delhi PATRIOT in English 25 Jan 81 p 7

[Text] The solution to Kerala's endemic problem of unemployment is given top priority in the state's sixth plan as it now stood finalised by the Planning Commission.

The draft plan submitted by the state had proposed an outlay of Rs 2175 crores against Rs 1550 now finalised. The state had proposed that the unemployment wages scheme and the agricultural workers' pension scheme to be accepted by the centre as plan schemes. The two schemes together represented an outlay of Rs 175 crores. In the final plan, both are put outside plan schemes, the centre not prepared to foot the bill. The central position is that these schemes are mooted by the state and it was for state to find resources too for their implementation.

Kerala attached utmost importance to creating of more employment opportunities during the plan period as vital to its economic growth. Realisation of this objective depends crucially on labour absorption in agriculture and allied activities as well as in the modern industrial sector.

On the basis of the National Sample Survey conducted during the year 1972-73, the estimate of unemployment in equivalent-person-years is 183.23 lakhs for the country as a whole and 18.42 lakhs for Kerala. This means that a little over 10 per cent of the total unemployed of the country is in Kerala. The draft sixth plan, approved by the Kerala Government originally, had visualised an investment of about Rs 2000 crores by the state, Rs 1600 crores through the private sector and Rs 500 crores as direct central investments during the plan period 1980-85 with a view to make a pronounced dent in the unemployment pyramid.

As a result of the implementation of five-year plans in the state, certain positive aspects have emerged. First and foremost is that a good infrastructure has been created. Also, there is a large body of intelligent and educated labour force available. Thirdly, social welfare measures and progressive labour policies have imparted distinct egalitarian trend to development in the State.

There are certain negative aspects that have also appeared. Growth has been very slow in agriculture and industry. The state has unfortunately also become,

what may be described, "a high-cost area," making its products non-competitive. There is therefore, a great need to increase productivity and evolve a proper work ethic conducive to development.

The sixth plan has proposed to build up on the positive aspects while trying to neutralise the negative ones. The achievement of the two objectives of growth and employment has become the paramount concern of public policy and development effort in the coming years for the State so that poverty will be eradicated at least by the turn of the century.

The state's five year plans so far have by and large adopted a welfare approach to development. The spread of education and health services were intensified and since the state had in power Governments committed to progressive ideologies, the demands of organised sections of labour were attended to with sympathy and understanding. Over the years social welfare measures for the old, the unorganised workers and the unemployed were initiated. As a result of all this, the social consumption of the people measured to terms of literacy, education, health services and water supply is perhaps the highest in Kerala in the whole country.

Low economic growth in the background of growing population has, however, aggravated the already acute problem of unemployment. This has resulted in family income being low and correspondingly private consumption going down, especially in regard to the essential needs. It has been estimated that in Kerala about 63 per cent of the people in the rural areas and 78 per cent in urban areas are living below the poverty line. 11.5 lakh persons are totally unemployed in the state according to a survey made in 1977-78. Nearly half of this are educated. Agricultural sector conceals considerable percentage of under-employment because employment there is seasonal.

With the abolition of the old type of landlordism in Kerala, the Government is now concentrating its attention on consolidating the gains of land reforms, as this has a larger bearing on the rapidly changing rural economy of the State. So far, ownership right has been conferred on 2,447,890 tenants and 267,629 hutment dwellers. Out of the estimated surplus lands of 1.5 lakh acres, 30617 hectares have been taken over. Of this, 20137 hectares have been distributed among the landless whose number comes to 78445, fifty per cent of whom are Harijans and Adivasis. Disputes in courts prevented the distribution of about 9485 hectares. Out of the 6769 hectares of available forest lands for assignment (it must be noted that private forests in Kerala has been nationalised as an agrarian measure without payment of compensation under the Land Act), 5680 hectares have been taken over. Of this, 4547 hectares have been assigned.

A new land-owning class has emerged in the state consequent on these measures. Government presently is making efforts to rehabilitate them by providing homesteads, agricultural implements, some working capital and loans to finance self-employment schemes.

Looking back at the performance of the LDF Government during the last one year, the sixth plan prospect appeared bright. The people of Kerala feel confident that the Left-Democratic Government they had voted into power an year ago is capable of finding practical remedies to at least some of their urgent problems.

## SIXTH PLAN PROJECTS FOR SOVIET AID IDENTIFIED

Calcutta THE STATESMAN in English 24 Jan 81 p 1

[Text] New Delhi, Jan. 23.--The actual projects on which Russian aid of Rs 520 crores during the Sixth Plan is to be used have been identified and include such major units as an aluminium complex in Andhra, a four-million-ton coal complex, a 1,000 MW integrated thermal power plant at Singrauli, oil exploration and the Vishakapatnam steel plant.

Discussions on these projects were held during the Indo-Soviet Joint Commission meeting which ended today with the signing of a protocol by Mr P. V. Narasimha Rao, Minister for External Affairs, and Mr Ivan Arkhipov, First Deputy Chairman of the Russian Council of Ministers.

### Alumina Plant

It was agreed that the two sides would discuss cooperation in preparing a feasibility study on construction of an aluminium smelter, based on the alumina plant.

In the coal industry, the discussions related to the Jhanira underground mine with a capacity of 2.8 million tons a year and the Mukanda open cast mine, which is to be developed as an integrated complex, with a first stage capacity of four million tons per annum.

A number of programmes for prospecting for oil in selected areas and for increasing oil production from existing wells were considered.

An important project which was considered by the commission was the construction of an integrated thermal power plant of the capacity of 1,000 MW with the possibility of expansion up to 3,000 MW, to be set up at the Nidhi coal mine in the Singrauli coal deposits. Negotiations relating to the implementation of this project are to be taken up in the first half of 1981.

It has also been agreed that a standing working group would be set up to coordinate and supervise the progress of implementation of the long-term programme of cooperation. The first meeting of this working group will be held in the second half of 1981.

Cooperating in the coal industry envisages provision for the manufacture of mining equipment spares in India with Soviet assistance, repair of the Kathara washery,

updating the Kathara and Patherdih washeries, collection of initial data for the Singrauli and Jharia new open cast mines, geological prospecting for coal and other activities.

In the field of medical industry, apart from updating of production technology and modernization of oequipment off Indian drugs and pharmaceuticals plants, the USSR will transfer technology for a number of formulations. [as published] An Indian team will visit the USSR for discussions on the setting up of new medical plants in India and cooperation in third countries. Indian medical products are to be registered with the Soviet Public Health Ministry.

The protocol notes the completion of the troposcatter link between the USSR and India. Work on the Indian side will be completed shortly. The commissioning of the link is expected this year.

The Soviet Union will provide spares and equipment for the MAMC to complete the order placed with it by the Soviet Union. Similarly Soviet experts are to be deputed to the Heavy Engineering Corporation for assistance in developing new equipment.

CSO: 4220

PLANNING COMMISSION APPROVE SIXTH PLAN DRAFT

Bombay THE TIMES OF INDIA in English 24 Jan 81 p 1

[Text] New Delhi, January 23.

Energy development gets a lion's share in the sixth plan outlay approved by the planning commission today.

The total public-sector outlay has been raised to Rs. 97,500 crores from Rs. 90,000 crores envisaged in the draft earlier.

The draft was finalised by the full meeting of the planning commission under the chairmanship of the Prime Minister, Mrs. Indira Gandhi. It will come up before the Union cabinet for approval tomorrow.

The plan was finalised against the backdrop of limited resources and the government's desire not to cut down on the developmental effort as far as possible. Different ministries presented amibitous sectoral plans and in one or two cases, Mrs. Gandhi had to intervene to secure a slightly higher share of fund for them.

Curbing Inflation

The energy sector gets about Rs. 26,000 crores, accounting for more than 27 per cent of the total outlay. Irrigation gets about Rs. 12,000 crores and agriculture Rs. 10,500 crores. Industrial development gets about Rs. 15,000 crores.

The science and technology component accounts for about Rs. 1,850 crores. Hardly any changes have been made by the planning commission in the schemes submitted by the departments of space and atomic energy. In some areas such as medical research, there has been a substantial increase in outlay. Taking the non-plan committed expenditure, the science and technology component will have an outlay of more than Rs. 3,100 crores.

In the formulation of schemes, curbing inflation has been one of the major objectives. For example, in agricultural research and production programmes, edible oils and pulses figure prominently.

The schemes intended to benefit the less developed regions get a special place. It is proposed to set up a central ground water corporation to tap resources

especially in the northeastern region. A national water development corporation will initiate work on more ambitious schemes involving inter-state rivers.

The plan will go to the National Development Council which will meet here on February 13 and 14 before the Parliament session, which will also discuss the plan.

The plan envisages a growth in gross domestic product at 5.2 per cent per annum. The public-sector outlay of Rs. 97,500 crores is broken into two components--Central investment of Rs. 47,250 crores and state and Union territories expenditure of Rs. 50,250 crores. The private sector is expected to contribute Rs. 66,000 crores.

The public sector's outlay in the sixth plan is substantial compared with the fifth plan.

The plan finalised by the Janata government was scrapped after Mrs. Gandhi came to power. The reconstituted planning commission did a fresh exercise in accordance with the policies of the ruling party.

Today's meeting was attended by, besides the Prime Minister, the minister for planning, Mr. N. D. Tiwari, who is deputy chairman of the planning commission, the finance minister, Mr. R. Venkataraman, members of the commission, Dr. M. S. Swaminathan, Mr. Mohammad Fazal and Dr. Manmohan Singh.

UNI adds:

The upward review in the plant outlay has been made possible because of the higher level of Soviet assistance promised during Soviet President Brezhnev's visit and expectations of larger resources from the special bearer bonds scheme to attract black money.

CSO: 4220

## SDR ALLOCATION TO AUGMENT FOREIGN EXCHANGE RESERVES

New Delhi PATRIOT in English 21 Jan 81 p 8

[Text]

**INDIA'S dwindling foreign exchange reserves have been augmented with the allocation, effective from 1 January of SDR (Special Drawing Rights) 116,700,000 by the International Monetary Fund, reports PTI.**

This was out of the third and final instalment of SDR four billion IMF allocation for 141 member countries.

SDR is a reserve asset, currently valued in terms of a basket of five currencies. Each SDR is equivalent to about 1.23 US dollars, or Rs 10 like other currencies drawn from the fund, it can be used to finance balance of payments deficits.

India's foreign exchange reserves (excluding gold and SDR) had, however, declined to Rs 4,740 crores at the beginning of 1981.

The decline represents a drawdown of Rs 650 crores during 1980, over and above IMF drawings of Rs 850 crores last year.

With India's balance of payments entering a critical phase, an IMF mission held discussions last week with the Finance Ministry. This was in connection with the possibility of an additional drawing by India of over Rs 800 crores from IMF's extended fund facility which provides medium term balance of payments support to countries that need to make structural adjustments in their economies.

The borrowing may be partly out of IMF's supplementary financing facility. Drawing from which would be less burdensome as interest charges will be subsidised from the newly created one billion SDR subsidy account.

India is among 35 low-income countries 'eligible' to receive full rate of subsidy for borrowings from the supplementary financing facility.

IMF loans are, however, subject to various conditions involving monitoring of economic performance of borrowing countries.

CSO: 4220

# FOUR GIANT POWER PLANTS UNDER CONSTRUCTION

Kuala Lumpur BUSINESS TIMES in English 23 Jan 81 p 6

[Article by Sumanta Banerjee in New Delhi]

[Text]

THIRTY years ago, Korba was an obscure village in the Indian state of Madhya Pradesh (which literally means "central province"). The village was inhabited by tribals having loin cloth as their only apparel and surviving on the produce from the surrounding forests.

Today, the children and grandchildren of those villagers are leading a different lifestyle — living in brick-built houses, wearing cloths, listening to transister radios and working in factories.

The catalyst for change is a thermal power plant. India's National Thermal Power Corporation is building a super thermal power station at Korba with a maximum capacity of 2,100 megawatts (MW). Construction is under way and the first 200 MW unit is expected to be commissioned by December 1981.

Work on the plant, which started in 1978, has changed the once backward area into one of the busiest industrial centres in Madhya Pradesh. Ancillary industries have come up to help the vast construction network for the thermal station.

To link up the Korba power station with industrial areas in the neighbouring states, 400 kv (kilovolt) lines are being laid down. When completed, Korba will supply power to the Bhilai steel plant in Madhya Pradesh, and to industries in neighbouring Maharashtra and Gujarat.

Korba's importance will be understood if one remembers that more than half of India's total electricity generation (a little over 100 billion kwh) is from thermal power plants. Korba, when completed, will feed India's western zone — the hub of the country's industrial activities where textile and engineering industries are concentrated.

An advantage enjoyed by Korba is the proximity of the coal mines. The plant draws coal from the Geora mines, 14 kms from Korba. Korba needs nine million tons of coal every year. While Geora supplies six million tons, the rest is being drawn from other nearby mines.

The value of electricity, which was practically unknown in the area some years ago, is being recognised fast by the peasants for agricultural operations. The number of energised water pumps and tubewells which was only 7,000 in 1965-66 in Madhya Pradesh has gone up to 216,000 now.

It is expected that the Korba plant will offer 25 per cent of its total power to agricultural operations. Industry will, of course, get 60 per cent of Korba's output while the rest will go to the domestic consumers.

Besides contributing to India's overall development programme, the Korba thermal power plant is important in the context of international cooperation. The Opec has extended aid worth about US$9 million for the setting up of the plant.

The entire civil work including levelling of the roads, construction of buildings, setting up of the water system, etc is being funded by the Opec. The World Bank and the US Agency for International Development (AID) are providing the necessary equipment.

In fact, Korba is not the only super thermal power station receiving Opec aid. There are three more similar stations coming up in other parts of India, and the total Opec aid extended to all the four amounts to US$41.8 million. Each of the stations will have an ultimate capacity of 2,000 to 3,000 MW. The stations will be commissioned in stages with power flowing from the 200-mw units first, to be followed by several 500-mw units.

By the beginning of the next decade, all the four super thermal power stations will be in full operation with a total installed capacity of about 11,000 mw. This will take India's installed thermal power capacity to nearly 28,000 mw and the country's total installed power plant capacity to about 50,000 mw.

But even with increased thermal capacity, India will continue to face problems. While thermal capacity grew by 12.1 per cent per year in the last three years, actual power generated has increased at an average rate of only 7.9 per cent. The main reason for this gap between capacity and performance is inadequate coal supply and a decline in the quality of coal.

Yet, it seems that India will have to increasingly depend on coal for its power generation. The rising cost of oil, which India imports for energy purposes in transport, industry and agriculture, is proving prohibitive. It is in this perspective that the recent stress on building super thermal power stations assumes greater significance. — Depthnews

CSO: 4220

WRITER DESCRIBES ENERGY PROBLEMS, DEVELOPMENT

New Delhi PATRIOT in English 26 Jan 81 Supplement p 2

[Article by N. C. Batra: "Energy Crisis in India"]

[Text] The working group on energy set up by the Planning Commission, forecasts that by 2000 AD, we shall be requiring four times the present availability of coal, twice the present quantity of oil and about four times the present installed capacity of electricity.

Currently over 60 per cent of our demand for oil is being met by imported supplies. In terms of money such imports are likely to cost Rs 3600 crores in 1979-80 about Rs 5000 crores in 1980-81 and nearly 5800 crores in 1981-82. Granting that our exports would reach the target level of Rs 8500 crores by the end of Sixth Plan (1985-86), there will remain only Rs 2000 crores to other essential items.

Furthermore, prices of crude oil in the world markets are going up and it is doubtful if the moderates like Saudi Arabia, Kuwait and the United Arab Emirates will succeed in persuading other member-states of OPEC to agree to a price freeze at their meeting in Bali shortly. As it is, spot prices have risen close to the existing ceiling of 38 dollar prescribed by OPEC and even beyond it. After the disruption of supplies from Iran and Iraq 13 weeks ago, India has to purchase crude at an escalating rate from the spot market. It has to pay more now for imported kerosene, diesel and fuel oil. Disruption of oil supplies from Assam has already led to the closure of two major refineries the prospects of recommissioning them are dim.

In general, the industrialised countries have been able to accommodate the progressively increasing cost of oil by a corresponding increase in the cost of their engineering and other high technology goods and services to the OPEC countries. Developing countries like India that produce agricultural products or minerals have not been so lucky. Obviously these countries have been the most hard-hit by a twenty-fold increase in price in less than a decade.

However, presently the primary energy use in the Indian economy is mostly from oil and coal products. Little wonder, there is an urgent need to increase its domestic production of oil--both off-shore and on-shore.

India's first break in off-shore oil exploration came in 1974 with the discovery of Bombay High. Two years later, gas was found in north and south Bassein, Bombay. The Oil and Natural Gas Commission which has been entrusted with the job of exploring oil has also struck moderate yields of oil off the Ratnagiri coast and Alibag near Bombay.

Coming at the same time is the gas find in the structure 19 km. north-east of Port Blair in the Andaman Island. The flow of gas from this well is at the rate of 18,000 cubic metres a day. Similarly, 600 barrels a day from the well 60 km. north-east of Machallipatnam and 25 km off the Andhra Pradesh can be a bonanza, more so it can be a morale booster for drilling more exploratory wells in the region.

The ONGC is confident that India's indigenous oil output will go up to 17 million tonnes per year by 1982-83 with the Bombay High accounting for about 12 million tonnes. According to another estimate oil at the rate of 25 million tonnes a year can be produced from 1985 with Bombay High yielding about 15 millions tonnes as against 1,25,000 barrels a day. The steady increase in production at Bombay High is the only silver lining to the dismal horizon on the oil front, cutting the import of crude oil by nearly 2 million tonnes in just two years.

But in order to attain fuller exploration of off-shore oil and natural gas, the country will have to make available nearly three times the present outlay of Rs 491 crores per year for ONGC in the years to come. More drilling vessels, more production platforms and more pipelines will be needed to bring the oil to our shores.

Another alternative fuel which can substitute petrol is ethyl alcohol or ethanol processed from sugarcane juice. Handed by 286 sugar factories, about 680 litres of alcohol can be produced as against 450 million litres currently. [as published] Additionally, it will generate extra income of Rs 600 crores in our total rural areas, apart from creating sixty million man-days of employment which can sustain about two lakh families.

Yet another way is the substitution of oil by coal especially in industries where it is used as a source of heat or steam. This is a part of the government accepted policy, though they are unable to secure the required supply of coal, constituting as it does more than 50 per cent of the total commercial energy consumed in the country.

Endowed with the largest fossil fuel resource, India have reserves of coal which are estimated at 1,10,000 million tonnes. [as published] With growth rate of 5 to 6 per cent it will last for 75 years, but for growth rate of 10 per cent, the reserves would last for 50 years. However, we will produce 400-500 million tonnes per annum by the year 2000, against 100-120 million tonnes at present. [as published]

How important is coal can be guaged from the fact that its shortage has forced the railways to cancel a number of trains, steel mills and thermal power plants to operate much below their rate capacity and several cement, textile and brick kiln units to cut down their production drastically. [as published]

Indeed the coal famine has triggered the closure of hundred of small scale industries, besides hitting millions of domestic consumers of soft coke all over the country.

Burning of wood is another source from which large amount of energy comes from, especially in the rural areas. For example, our practice of cremating the dead alone, otherwise commendable, consumes some two million tonnes of wood per year, resulting in denudation of forested areas. But as the forests are cut down, the relative humidity decreases, birds get fewer, and the disease-bearing insects multiply.

That electricity has been accorded a primary place can be gauged from the fact that its share has gone up from 12.6 per cent in 1953-54 to 28.7 per cent in 1978-79. So has its share in the First Plan from Rs 320 crores to Rs 15,112 crores in the Sixth Plan. But only 2200 MW capacity was added against the target of 3575 MW till January 1979 while during 1979-80 the capacity added upto the end of January 1980 was 480 MW which actually came to 200 MW against the target of 3200 MW. In terms of deficit which was 5.8 per cent in 1976-77 increased to 15.5 per cent in 1978-79 which shot up to 16.8 per cent during 1979-80. The Sixth Plan 1980-85 would began with an installed capacity of about 3200 MW providing for an addition of 22,000 MW at an approximately cost of Rs 13,500 crores with the stress on hydrogeneration. There are innumerable glaring cases of vast hydro resources flowing into the seas unharnessed becausse of the inter-state disputes unresolved for decades.

This apart, a giant complex consisting of one million KW super thermal plant will be set up in 1981-85 in Singrauli in UP according to the recently-concluded agreement between India and the Soviet Union. A 90 km transmission line will also form part of the ambitious project. Its capacity which can be increased to 3 million KW when completed will be sufficient to meet the requirements of UP and Bihar and will also supply power to other regions of India.

The only and other way in which large scale increase in electricity production could take place is by harnessing nuclear energy for the purpose. We have in the last decade of 1970-80 demonstrated our capacity for designing, manufacturing and commissioning nuclear power plant equipment entirely on our own.

Happily our resources of uranium are 50,000 tonnes out of the world's total of 1.1 million tonnes. We have also the largest deposit of thorium, estimated at 0.36 million tonnes, enough to supply energy for thousands of years based on breeder technology. With this it would be possible to produce about 10,000 MW of nuclear generation by the year 2000. This represents some 10 per cent or so of our totalled installed capacity at that time. [as published]

There is a common belief that nuclear power stations require more capital investment. But its generation cost is much less than the generation cost of thermal power. Only the nuclear power technology require special infrastructure when many of the components and equipment have to be built in India for the first time.

In fact, no single energy source can be adequate for a vast country like India with its multiferious needs of power at widely different levels of consumption. But of all, the sheer force of circumstances will compel us to put greater reliance on renewable energy sources based on an optimal mix of the rural, nuclear and hydro stations in which the hydro-stations and nuclear stations may take the peak and the thermal provide the base-load. Mercifully, the economic base of our country is such that it is capable of being progressively shifted to greater reliance on non-conventional and renewable resources of energy and above all there is a tremendous pool of scientific, technical and managerial personnel that can be harnessed to this colossal task of coping with the energy crisis.

CSO: 4220

FLOW OF ASSAM CRUDE OIL INTO BARAUNI RE UMED

Oil Spokesman's Announcement

New Delhi PATRIOT in English 29 Jan 81 p 1

[Text] Gauhati, Jan 28 (UNI)--Pumping of crude oil from the upper Assam oilfields to Barauni refinery through the 1,100 km pipeline was resumed today by employees of Oil India Limited (OIL), ending their 13-month-long noncooperation with the management on the foreigners issue.

An OIL spokesman said the pumping was resumed from Duliajan crude storages via Bongaigaon by passing Narengi (Gauhati). The crude flow would pick up tempo only tomorrow as the pumping speed.

A top OIL official told UNI that the employees resumed their suspended operation at 6 p.m. The employees had decided to resume full-scale pumping operations in conformity with an earlier decision taken by the coordination committee of the Oil employees that they would cooperate with the management if it did not make attempts to "take the crude outside the State by force."

An OIL order which was issued yesterday, had reminded the employees of the consequences of disciplinary action," and penalties including dismissal from service, if they continued to violate the Assam Essential Services Maintenance Act 1980 and notifications issued thereunder prohibiting strikes in the essential services maintained by the company.

The Oil order had said: "The state of affairs as you will appreciate cannot be allowed to continue. The present limited operation also is not in the interests of the employees themselves as it will not be possible for any company under similar circumstances to continue their employment."

Before resumption of the full-scale operations from the oilfields through the Digboi-Gauhati-Bongaigaon-Barauni crude oil pipeline the crude was being pumped up to the Bongaigaon refinery, within the State.

The Oil management had made all arrangements to resume the full-scale operations with the help of the army if the employees had failed to take a positive decision on their ultimatum, the spokesman added.

Our Special Correspondent adds:

Janata Party general-secretary Subramaniam Swamy said on Wednesday that the Central Government was ready to send formal invitation to Assam movement leaders for talks if they were willing to find a solution in the tripartite negotiation format.

## Opposition From Agitation Leaders

Bombay THE TIMES OF INDIA in English 30 Jan 81 p 1

[Text] Gauhati, January 29 (PTI)--The Assam agitation leaders tonight decided to continue the blockade on movement of crude oil outside Assam.

Any attempt to flow crude out of the state would be resisted with all strength, the convener of the Gana Sangram Parishad, Mr Biraj Sharma, said in a statement here.

This decision was taken by the steering committee of AASU and AAGSP in the wake of resumption of the pumping of crude from Assam oilfields to Barauni refinery in Bihar by Oil India employees from Yesterday.

The steering committee of AASU and AAGSP said the "shadow of a sinister attempt to break the oil blockade would fall on future negotiations on the foreign nationals issue."

CSO: 4220

# PROJECT TO CONVERT COAL INTO OIL UNDERWAY

New Delhi PATRIOT in English 21 Jan 81 p 8

[Text]

CALCUTTA, Jan 20.

THE Central Fuel Research Institute has been working on a pioneering project on conversion of coal into oil. The project work had slackened over the years due to the fact that natural petroleum oil was available more economically for a long time. Owing to the recent oil crisis, which is going to continue from all available indications, this project is likely to be revamped. Both the Ministries of Finance and Energy are now keen on the project.

In fact, about 10 days ago, Coal and Energy Minister Ghani Khan Chowdhury is reported to have discussed a blueprint prepared by the Coal Department suggesting this type of conversion. It is known that coal has a vast potential for oil extraction, but under the current level of technological advance this process of extraction tends to become uneconomical.

Meanwhile reports have leaked out that the Coal Ministry plans to produce one million tonnes of oil through this process to begin with, increasing subsequently to 10 million tonnes. The estimated cost of the project is reported to be roughly Rs 1,100 crore to be co-financed by a West Asian bank.

Prof Nurul Hasan, vice-president CSIR, however said, he is not aware of any move by the Union Government to seek the help of Arab sources for such an endeavour. He also added that the US Lurgi technique is being experimented with in many countries for such a conversion. Reportedly only South Africa has succeeded in this attempt but that success is yet to be internationally measured in terms of economic viability.

The Indian experts point out that the Lurgi technology is based on low-ash content coal which is scarce in India as Indian coal has a high-ash content. Besides, they maintain, that the given funds and encouragement, Indian research is in a position to make the technological break through.

CSO: 4220

# GEOLOGICAL SURVEY REPORTS LIMESTONE FINDINGS

New Delhi PATRIOT in English 21 Jan 81 p 5

[Text]

CALCUTTA, Jan 20 (PTI) — A reserve of 224 million tonnes of flux and cement grade limestone has been established following investigation by the Geological Survey of India in Shella-Khasimara area of Khasi hills district of Meghalaya.

The investigation followed prevailing acute shortage of superior grade limestone and dolomite with less than two per cent silica for steel, refractory and chemical industries.

Further exploration by drilling will be continued in the area, while drilling will also be undertaken for assessing the quality and reserve of dolomite in Ameng and Subansiri district of Arunachal Pradesh, according to GSI press release.

The GSI is also continuing its search for high grade limestone in the Khuiala formation in the Jaisalmer district of Rajasthan, high grade dolomite in the Jalpaiguri district of West Bengal and Mandla district of Madhya Pradesh.

Besides, high dolomite and limestone in Sundargarh district of Orissa, parts of Sikkim and adjoining areas of West Bengal and in the Vempalle formation of Andhra Pradesh is also being investigated.

Investigations already carried out for cement grade limestone in the Shali formation of Himachal Pradesh, Mahendragarh district of Haryana, Bhilwara, Chittorgarh, Dungarpur, Pali and Sirohi districts of Rajasthan and in Jampui range of Tripura will also be continued, adds GSI news.

CSO: 4220

COAL AT PITHEADS AT RECORD HIGH, TRANSPORT POOR

Bombay THE TIMES OF INDIA in English 22 Jan 81 p 7

[Text] New Delhi, January 21: Coal stocks at pitheads have reached an unprecedented level with the transport system unable to cope with increased production.

Since November, during which coal production went up by 17 per cent, the stocks have increased by over 1.5 million tonnes. The year may end with 16 million tonnes of accumulated stocks which will be two million tonnes more than those carried over from last year.

The pile-up at coal mines has caused problems of cash flow and deterioration of stocks for the coal companies. The storage of coal poses the problem of the fire hazard and in areas like Singratuli, where coal is highly combustible, production has to be regulated.

These difficulties have come up at a time when consumers are crying for more coal and substantial quantities of it are being transported by road at costs higher than railway freight.

The magnitude of the transport problem can be guaged from the fact that as much as 20 million tonnes of coal was transported by road last year, resulting in waste of fuel like diesel which is being paid for in foreign exchange.

According to a spokesman of the department of coal, this year 22 million tonnes of coal may have to be carried by road. The stocks were particularly heavy in areas like Jharia, Kharanpura, Hazaribagh and the central India coalfields. The railways had improved wagon movement but it was still below the required level.

While the transport difficulties persist, the power and steel units as well as other industries continue to suffer because of coal shortage. The average daily offtake is short of the requirements of these sectors.

The overall target of coal production this year fixed at 113 million tonnes may not be achieved despite rapid increases in production. There may be a shortfall of about one million tonnes mainly due to a possible slippage in the production programme of the Singerani mines. Coal India is expected to achieve its target of 99 million tonnes.

The projected demand of the steel sector for coking coal this year is about 16 million tonnes against the availability of 14.5 million tonnes form indigenous sources.

CSO: 4220

COAL MAFIA DRAINS PRODUCTION AS PROBLEMS MOUNT

London 8 DAYS in English 31 Jan 81 pp 24-25

[Text]

*Lawlessness and decay have long characterised India's mining regions – what chance have the latest investment plans?*

A PROMINENT businessman voiced a widely held view in New Delhi when he declared: 'The eastern region is pulling the rest of the country down.' By that he meant that Bihar and Bengal lie astride India's coal and iron reserves, and that much of the sluggishness of Indian industry can be blamed on the failure of the region's ageing coal mines and rail network to deliver the coal, power and steel the rest of India needs.

He could have added to the list of problems which make the eastern region seem so vulnerable from Delhi. Assam is still bristling with unrest over demands for the expulsion of migrant workers, preventing the full resumption of oil production in the province; similar agitation has spread to Orissa, where a curfew was recently imposed around the state-owned Raurkela integrated steel mill; and in West Bengal the marxist state government is skirmishing with Mrs Gandhi for control.

The Rajdhani Express from Delhi — still the fastest train on Indian railways, although it has not added much to the speeds it achieved 40 years ago — travels overnight to Dhanbad in the heart of the Bihar Bengal coal belt. It is a town blackened by the dust of the mines, with a nationwide reputation for violence and gangster rule in the coal fields, which does not blench at the blinding of prisoners by police as occurred at Bhagalpur, not far to the north, and where the landscape is appropriately scarred with abandoned pit shafts and mounds of slag as though some massive bombardment had recently ended.

In the same compartment on the train was a senior railway official taking up a special assignment on the east. In an attempt to cut down theft, he said, armed guards had been posted on freight wagons. However, it was now difficult for them to shoot because the gangs pushed women and children to the fore as they robbed the trains.

Dhanbad is India's main coke-producing region, and is thus vital for the steel industry, but the scale of theft defies imagination. At Dhanbad station a transport manager said that from every 22- to 24-tonne wagon, two tonnes were stolen between pithead and delivery point. 'You cannot believe it,' he said. 'There is pilfering at every stage: when the coal is loaded, in the sidings, and while the train is on the move.' The robbers include petty thieves as well as large gangs. 'They stop the trains, often with the connivance of the security guards, and load the coal on to lorries.'

Dhanbad has become a sort of no man's land where the power of the gang leaders, who run the mines, has superseded the law. They built up their authority when the coal fields were still in private hands and the coal owners needed thugs to drive men down the pits.

The government took over the thugs as

'part of its dowry' when it nationalised the mines in 1973. The gangs have enhanced their power since by gaining control of miners' unions, extorting protection money from the members, trading in stolen coal, contracting to supply the mines with sand and timber, and producing illegal coal themselves.

The published statistics put India's coal output last year at 106m tonnes — about the same level as in the previous four years. But officials in Delhi admit the figure does not mean very much, as the amount of illegally mined coal could range from 1.5m to 15m tonnes, and as officially declared coal has often been so diluted by slag and stone as to be scarcely coal at all.

The coal mafia's wealth and power has established a network of influence encompassing the police, the management of Coal India, the state corporation which runs the mines, members of the Bihar state assembly and government and New Delhi politicians. When a recent chief minister of Bihar tried personally to enforce the arrest of one coal boss on multiple charges of murder, the state assembly turned him out of office.

In an effort to raise coal production, Coal India is embarking on a massive programme of investment and modernisation. But its management is widely condemned as inefficient and corrupt. Kalyan Roy, a communist who represents the region in the Rajya Sabha (Upper House) and a strong critic of Coal India, calls for the whole top management to be sacked.

Driving from Dhanbad past old colliery wheels which look like exhibits in a mining museum, it is hard to believe the miners are among the best paid workers in India (the gang leaders have helped to push up their pay). The figures shuffling from the pits are little more than skin and bone. At the Putki colliery, women with baskets on their heads carry immense loads of coal from pithead to wagon.

Mrs Gandhi seems at a loss to know what to do about the problems of coal — or indeed of the eastern region. The New Security Act, providing for preventive detention of up to a year, has already been employed in Bihar, reviving memories of the Emergency which was also in part precipitated by strikes and violence.

Sanjay Gandhi is said to have favoured denationalising the mines. None of the solutions seem to come up to the dimensions of the problem and the simplistic are likely to be the least endurable. However, the business executive was right: with its lawlessness, decaying industry, miserable working and living conditions, overcrowding and poverty, the eastern region is dragging down the rest of the country.

CSO: 4220

## GOVERNMENT PLANS PILOT PHOTOVOLTAIC CELL PRODUCTION

Bombay THE TIMES OF INDIA in English 29 Jan 81 p 15

[Article by I. K. Sharma]

[Text] Following significant progress in research and development, the government has drawn up plans to produce, on a pilot-plant level, at least one mw of solar photovoltaic systems per year by 1985.

The department of science and technology had initiated, in 1975, a modest programme on solar photovoltaic energy sources. This was intended to develop expertise and infrastructure to productionise the silicon solar modules and to undertake a research and development programme in various national institutions for facilitating commercial utilisation of the cells.

The manufacturing agency selected was the Central Electronics Ltd. (OEL), a public-sector enterprise near Delhi. Progress here has been satisfactory. Development of space-worthy solar cells was taken up under a different programme of the BARC and the solid state physics laboratory. Panels of these cells have performed well in space.

As for terrestrial uses, India is the only developing country where indigenously-manufactured solar water pumps are in operation. The Indian approach has been the installation of small and decentralised photovoltaic energy sources for local applications in non-electrified villages.

However, technological development will have to be accompanied with efforts to reduce costs as photovoltaic cells will have to compete with other energy sources. According to Mr T. K. Bhattacharya, project manager, CEL, when photovoltaic electrical power sources were first used in space vehicles, the cost was as high as $500 per peak watt. The cost of such modules is today quoted at $5 per peak watt, if bought in large quantities.

In India, the present cost of locally produced photovoltaic modules is around Rs 100 per peak watt. In comparison, the installation of a thermal or nuclear power station in India costs about Rs 5 to Rs 10 per installed watt at today's prices. But then, one has also to consider the running costs of power plants as well as distribution costs for centralised systems. The grid requires an investment of about Rs 20,000 per km. The production of solar cells for terrestrial uses in 1979 alone was more than 1,000 kw and it is estimated that total world production of such cells in 1980 would be between five and ten mw. The U.S. goal is to produce, annually, 250 mw by 1985 and 15,000 mw by 1991.

CSO: 4220

PAPER REPORTS PROBLEMS, PROGRESS OF R&D IN NATION

Expenditures Examined

Madras THE HINDU in English 24 Jan 81 p 18

[Text] The R&D expenditure in India has shown a remarkable rise since Independence from about Rs 1 crore in 1948-49 to about Rs 450 crores in 1976-77. Such an increase, of course, has a number of factors to it, such as the proportion between public and private expenditures, industrial and non-industrial spending and so on. Some of the aspects will be discussed in this section.

Table 1. Trends in National R&D Expenditure and Related S&T Activities 1948-49 to 1976-77

| | 48-49 | 58-59 | 65-66 | 68-69 | 70-72 | 72-74 | 74-75 | 75-76 | 76-77 |
|---|---|---|---|---|---|---|---|---|---|
| (A) Expenditure on R&D | | | | | | | | | |
| Central sector | 1.1 | 21.8 | 62.5 | 85.7 | 112.5 | 149.7 | 231.1 | 287.6 | 321.7 |
| State sector | n.a | 1.0 | 3.5 | 12.0 | 12.6 | 22.1 | 24.0 | 26.7 | 31.0 |
| Private sector | n.a | 0.2 | 2.4 | 9.9 | 14.6 | 22.9 | 36.5 | 42.4 | 49.5 |
| Total (A) | 1.1 | 22.9 | 68.4 | 107.6 | 139.6 | 194.7 | 291.6 | 356.7 | 402.3 |
| (B) Expenditure on S&T activities | | | | | | | | | |
| Central sector | n.a. | 5.9 | 16.7 | 23.9 | 33.7 | 39.4 | 27.8 | 36.1 | 39.8 |
| State sector | -- | | | | | | | | |
| Private sector | n.a | n.a | n.a | n.a | n.a | n.a | 4.7 | 5.2 | 6.1 |
| Total (B) | n.a | 5.9 | 16.7 | 23.9 | 33.7 | 39.4 | 32.4 | 41.3 | 45.9 |
| Grand total (A) & (B) | 1.1 | 28.8 | 85.1 | 131.4 | 173.4 | 234.1 | 324.0 | 398.0 | 448.1 |

Note: Figures may not add up to due to rounding errors.
Source: DST Research and Development Statistics 1976-77.

The public sector R&D expenditure to sales ratio has been much smaller being 0.62 per cent in 1972-73, 0.45 per cent in 1974-75 and 0.39 per cent in 1976-77.

It would seem that the R&D intensity is much higher in the private sector than in the public sector. But such a conclusion would be incorrect. The public sector units whose R&D data are included in the DST report include two major sectors which have a huge sales turnover and which are absent from the private sector sample.

These are (1) Oil, where Indian Oil Company, an essentially trading company with a huge sales turnover, has a turnover accounting for about 32 per cent of the total public sector units sales and (ii) steel, where the sales of Bokaro Steel and SAIL, together account for about 30 per cent of the total sales turnover. [as published]

If these two sectors are removed, the R&D intensity of the public sector shows a dramatic improvement, to 1.54 per cent in 1972-73, 1.20 per cent in 1974-75 and 0.92 per cent in 1976-77. Sectorally too, the public sector's R&D intensity is seen to be much better than the private sector's performance.

Both the private and public sector companies R&D expenditure shows a high degree of concentration, although the degree of concentration is higher in the public sector. The big companies tend to dominate the R&D scene in terms of expenditure. There is also some evidence to suggest that there is some correlation between size and research-intensity. However, as will be discussed in another context, the correlation may be more between research-intensity and the size of collaborations than the size of the firm.

What type of research are being carried out? Basic, applied, experimented or what and by whom? In terms of the national efforts, in 1976-77 the distribution of R&D expenditure amongst the above types of works was as shown in Table 4. In money terms, the amount spent on basic research during the year 1976-77 amounted to about Rs 36 crores. Almost all of this expenditure on basic research was due to government or public R&D expenditure.

Table 4. Distribution of R&D Expenditure by Type of Work in 1976-77

| | per cent |
|---|---|
| Basic research | 8 |
| Applied research | 53 |
| Experimental development | 24 |
| Other activities | 25 |
| | 100 |

Figures are not available for the distribution of R&D expenditure of the private sector by type of work, but the pattern of expenditure by the Government during 1976-77 is clear. In monetary terms, the public R&D spending on basic research amounts to about Rs 36 crores or so. Thus all the basic research is done by the government agencies.

In absolute terms spending by the major scientific agencies has increased from Rs 18.80 crores in 1958-59 to Rs 246.20 crores in 1976-77. The remaining portion of the Central sector spending is by the various ministries.

This expenditure includes the R&D expenditure of both the commercial units such as the public sector undertaking and the non-commercial units such as the Geological Survey of India, Medical Institutes etc. attached to the ministries.

What about industrial R&D, which is after all the focus of this series of articles? R&D in Indian Industry has two components: the spending by private industry and that of the public sector undertakings. Almost all of private sector expenditure is incurred at the R&D units of the various companies themselves, and they finance very little of what is done in outside laboratories. Conversely, there is hardly any government financed work done in private industry.

So, the figures for R&D expenditure given in Table 1 represents one component of the industrial R&D. Comparable figures for the public sector undertakings R&D expenditure are not available for all years. However, Table 3, gives the R&D expenditures in the public sector from 1972-73 to 1976-77, along with the R&D expenditures in the private sector.

Table 3. R&D Expenditure in the Industrial Sector (Rs. lakhs)

| | 1972-7 | 1973-7 | 1974-7 | 1975-7 | 1976-7 | 1979-80 |
|---|---|---|---|---|---|---|
| Private sector 1 | 2373 | 3131 | 3646 | 4235 | 4950 | 6000(Est) |
| Public sector 2 | 1114 | | 1900 | 2615 | 3441 | 5000(Est) |
| Total 3 | 3487 | | 5546 | 6850 | 8391 | 1100(Est) |

A word of caution. These R&D expenditure figures are on the basis of special returns filed (with the DST) by the companies for tax benefits and relate to the total of revenue and capital expenditures. They differ by a substantial margin from the studies by the Reserve Bank of India which are based on the audited annual accounts of the companies. The RBI figures also do not include items of capital nature. Thus, for example, for the year 1976-77 the RBI survey of governmental companies reports an R&D expenditure of only Rs 8.96 crores, far short of the Rs 34.41 crores reported by the DST. It is quite likely, however, that the DST figures represent more accurately the state of affairs than the RBI figures do.

The proportion of industrial R&D--including both the private and public sectors--as a per cent of the national R&D spending has been very low; it has remained below 20 per cent all during this period, except in 1976-77 when it reached 20.8 per cent. Till the late Sixties it was well below 10 per cent.

During the period 1972-73 to 1976-77, the public sector industrial R&D as a proportion of total industrial R&D increased from about 32 per cent in 1972-73 to an estimated 45 per cent in 1979-80. Private sector R&D, in terms of R&D expenditure as a proportion of sales turnover, has remained about 0.75 per cent from 1974-75 to 1976-77.

Table 1 gives a broad outline of the total spending in India on R&D and related scientific and technological activities from 1948-49 to 1976-77. The latest estimates of R&D expenditure put the Central and the State sector expenditures at abour Rs 425 crores and that of the private sector at Rs 60 crores, for a total R&D expenditure of Rs 485 crores during 1979-80. Private sector R&D expenditure was almost non-existent in India till the late 1960s.

It was only in 1969-70 that private R&D spending accounted for more than 10 per cent of the total R&D spending--about 11.0 per cent. Since then it has remained more or less steady at 12 per cent, marginally fluctuating except in 1973-74 when it reached 14.5 per cent. Recently it has been around 12.3 per cent. The reasons for this increase have been discussed elsewhere in this feature.

In the public sector R&D spending the proportion of the State's contribution to the total R&D spending has been declining recently. The State Sector's contribution to national R&D spending peaked at 11.4 per cent in 1972-73 almost equalling the private sector R&D spending and since then has been declining, being 7.7 per cent in 1976-77. It is the Central Government sector which has been bearing the major portion of spending, often contributing more than 80 per cent of the total, and in the earlier periods more than 90 per cent. This is in sharp contrast to the practices in the developed market economies where the private sector has been the leader

There have been some improvements in the national spending as a proportion of the GNP.

Although R&D spending as a proportion of GNP has increased from 0.23 per cent in 1958-59 to 0.65 per cent in 1976-77, it is still, by world standards, quite small. The industrialised countries, spend typically about two per cent of their GNP.

The Central sector R&D spending has been concentrated mainly in the major scientific agencies of the Government. Table 2 gives the total expenditure by the major scientific agencies as a per cent of the total Central R&D spending.

Table 2. Total Expenditure by Government Scientific Agencies as a Per Cent of Central Sector R&D Spending

Share of Scientific Agencies

| | | | |
|---|---|---|---|
| 1958-59 | 86.4 | 71-72 | 80.4 |
| 65-66 | 83.2 | 72-73 | 82.1 |
| 68-69 | 84.0 | 73-74 | 81.6 |
| 69-70 | 76.4 | 74-75 | 78.8 |
| 70-71 | 79.3 | 75-76 | 77.8 |
| | | 76-77 | 76.5 |

There has been a decline in the share of the scientific agencies. One of the reasons for this has been the setting up of public sector corporations under the various ministries which have also started their own programmes. As a result the proportion of Central expenditure attributable to the various ministries has risen from less than 14 per cent in 1968-69 to 24 per cent in 1976-77.

Unfortunately no data are available on the breakdown of the R&D expenditure in the industrial sector including both the private and public sector but indications are that very little, if any, basic research is being carried out by the industrial units. Thus almost all of the basic research is carried out in the governmental scientific agencies and the universities.

Since there is very little interaction between the scientific agencies and the universities on one hand and the industry on the other, this fact--absence of basic research in industry--has long-term implications for the development of a self-reliant and indigenous technological base in India.

## Multinationals, Transfer of Technology

Madras THE HINDU in English 24 Jan 81 p 21

[Excerpt] Science and technology policies--used synonymously with the Research and Development activities--have been of late critically examined by a number of countries, both in the developed and the developing world. The reasons for this critical analysis, of course, differ.

An analysis of this problem as faced by the developing countries will be followed by one on that the developed countries strive to solve. [as published]

A few points need to be cleared first. Why should a discussion of India's & R&D policies [as published], successes and failures need a discussion of the global dimensions of R&D, questions of technology transfer and so on? How do, if at all, these external forces affect us?

India is not an autarkic State. Nor should that be its aim. Moroever, it is a fact that India owes much of its current industrial capacity to borrowed technology. In 1967 when the Ramaswamy Mudaliar committee submitted a report on foreign collaboration, it was acknowledged "there will probably be now two opinions on the issue that industrial development in India during the past decade or two has been greatly accelerated by the importation of foreign know-how."

Twelve years later, the Indian National Paper at the UNCSTD (United Nation Conference on Science and Technology for Development) in August 1979 at Vienna remarked "of particular concern to the application of science and technology for development is the massive programme of industrialisation embarked upon by India since 1947. This has resulted in GNP increasing by 842 per cent between 1950-51 and 1977-78.

During this period, facilities for the manufacture of a vast array of products have been established in the country.

/The bulk of this manufacturing, however, has been built upon technology imports through foreign collaboration agreements totalling about 5,200 up to 1977"/(emphasis added). [in boldface]

At the same time, as will be shown later, the impact of indigenous R&D on the Indian manufacturing scene has been minimal. The contention by some commentators that "India has during the past three decades systematically strengthened

its S&T capacity and it is now among the countries in the Third World spearheading efforts to build an autonomous capacity in Science and Technology for Development" is quite simply not borne out by facts.

What is of interest here is to note that India will be dependent on foreign technology in the future to the same extent it has been in the past.

India has been one of the most enthusiastic proponents of NIEO, the New International Economic Order and the Lima Declaration. These two have as a central goal the achievement of at least a 25 per cent share for the developing countries of the world manufacturing value (MVA) added by the year 2,000. The share of the developing countries in the world MVA increased by 1.7 per cent from 6.9 per cent in 1960 to 8.6 per cent in 1975.

It is not necessary here to analyse the feasibility of attaining this target of 25 per cent. But it must be pointed out, and this has been the general consensus of economists, that such a large increase in the developing countries' share could come about only with concurrent/concomitant increase in the level of manufacturing trade in the international market. It would also need some shifts in the pattern of trade flows and changes in the composition of traded products.

Dumping Ground

As a UNIDO Survey, World Industry since 1960: Progress and Prospects has pointed out, "the developed countries are expected to continue to be the major markets for the developing countries manufactured exports, although an increase in the proportion of manufactures traded among the developing countries would be important for their sustained industrial growth. At present, the share of trade between developing countries is modest (only two to three per cent of total trade in manufactures in the case of most products)."

One set of policies which can have a major impact on the export of manufactured goods are those which relate to the import of technology or the activities of multinational corporations (MNCs). The MNCs play a relatively small role in the export of traditional manufactures such as clothing, shoes and textile fabrics, but so far they have played a central role in the export of engineering industries such as electronics, machinery, transport equipment, etc., and direct foreign ownership of export-oriented manufacturing plants is very common in the developing countries.

As Donald Keesing pointed out in a recent paper, "often the MNCs control the technology, the product specifications, the marketing connections and know-how, and the other, more difficult, steps of the production process. In some cases, MNCs are willing to subcontract to firms in developing countries for parts or processing; but in many instances, they show a strong preference for production in wholly owned subsidiaries."

The other manner, albeit an indirect one, by which the MNCs dominate the export trade in manufactured goods from developing countries is via licensing and technology trade. In the initial stages of product cycle, the MNCs invariably prefer to organise the production via subsidiaries.

There have been not many instances where MNCs have licensed the production of engineering goods in the initial stage of product cycle in developing countries--especially for export purposes. It is only during the mature phase of the product cycle that MNCs have licensed the product or the process. So how does this affect or influence the Indian Technology?

Earlier this year it was reported that the West Germany-based European director of the Trade Development Authority of India--a Government organisation--had said that British companies could benefit considerably by providing technology and equipment, often outdated by Western standards and of little value, for low-cost production in India. He is further reported to have suggested that, although Indian law prohibits foreign majority ownership, the establishment of a joint venture marketing company in the U.K. or elsewhere could mean the British companies can have complete control over sales in third countries.

Open Doors?

Some time later, the Commerce Minister, Mr Pranab Mukherjee, winding up a conference of India's heads of missions and commercial representatives in Western Europe, emphasised the need for an export promotion strategy that will facilitate collaboration between West European manufacturers and component manufacturers in India. What about technologies already established in India? The recently published "Handbook of Foreign collaborations, 1980," published by the Ministry of Industry, gives a broad outline of the Government's policy.

To quote the handbook:

"It has been pointed out that a broad technology base has already been established in the country. But, with constant technological advancement taking place in the developed countries, the need to update our production technology would arise in almost all the industries over a period of time. The import of technology may be considered by the Government even in the field where foreign collaboration is not considered necessary if:

(i) .....

(ii) technology is required for updating of existing technology in India to meet efficiently domestic requirements or to become competitive in the export market;

(iii) such import is required for manufacture of items with substantial export backed by buy-back guarantees/" (emphasis added). [in boldface]

Finally, in regard to high technology, the Government would even permit direct foreign equity participation.

So all areas of technology, the high-modern technologies, the technologies already established and the outdated technologies at the final phase of the product cycle all will be imported liberally into India.

As the discussion of Japanese development from the Meiji Restoration to the eve of WWII has shown, the manner and purpose of technological imports plays a very important role in the development of autonomous technological capabilities in a nation. This aspect has been completely ignored in formulating science and technology policies in India.

Low Value Added

How does the global problem of technology transfer affect India? The fact is that the path of industrialisation contemplated by India coincides--not accidentally--with the new division of international labour that has been taking place recently. Could this idea be far fetched? What is the new division of international labour?

A clear statement of this is contained in the UNIDO Report "Industry 2000, New Perspectives, the UNIDO joint-study on International Industrial cooperation," published in August 1979, wherein it is stated that "it is in the /long term interest of the industrialised countries/ [in boldface] that the international division of labour should continue to develop along the lines established during the past decade. Continuous growth of labour-intensive and raw-materials-intensive industry in the developing countries; /increasing redeployment of capital-intensive production in the late stages of the product cycle to developing countries; maintenance of capital--intensive sectors in the early stages of product cycle in the industrialised countries,/ [in boldface] and maintenance and expansion of skill-intensive industry, namely industry requiring a more sophisticated service sector, expensive R&D facilities and a better educated labour force, in the industrialised countries" (emphasis added).

Now, the late or mature stage of the product cycle is characterised by low value-added component, low rate of profit, a buyers market and long runs and established technology. Therefore one of the requirements of the international division of labour would be that technologies needed to manufacture the goods in the last stages of the product cycle would have to be imported by the developing countries from the industrialised countries But such an approach is but a mere continuation of the past experience of the developing countries in which, it could be said, that they have been basically exporters of commodities and importers of technology of different types, embodied and disembodied.

Opening Up Markets

But why should the MNCs--the major source of technology from the industrialised countries to the developing countries--participate in this technology transfer? Basically for four reasons:

(i) To extend the product life cycle of technologies. Since during the final phases of the product life cycle it is the labour cost which is a critical parameter, MNCs must sell the technology to the developing countries to take advantage of the latter's low wage rates.

(ii) To shift or share the cost of research and development. The costs of R&D in the industrialised countries have been increasing enormously. Therefore it becomes necessary to export technologies to recuperate the costs involved.

(iii) To penetrate closed markets. At times export of technology might be the Trojan horse by which closed markets can be penetrated. Thomas Collaghan Jr, a U.S. Industrialist states: "Market closed to products are invariably open to technology. Even extremely closed markets will open to Western technology, providing the West gives them the credits to make the purchase."

And finally,

(iv) The increasing competition in the international technological market. With the decline of R&D expenditures in the U.S. and the rise of European and Japanese innovative efforts, there has been increasing competition in the international market for the sale of some technologies. Thus Japan has been finding it increasingly necessary to export technology to the developing countries to balance its purchase of technology from the U.S. and Western Europe. Similar tendencies can be observed in other countries too.

Empty Declarations

What have been the attitudes of India and other developing countries to this question of technology transfer? This is going to emerge as one of the key issues in the coming years in negotiations between the developing countries and the industrialised countries.

However, there was little international awareness of the issues involved in technology transfer and related issues. At both UNCTAD I and UNCTAD II only superficial references were made to problems of technology transfer. It was only at UNCTAD III, held in 1972, that a major policy resolution was passed on Technology Transfer.

According to the Secretary General of UNCTAD, UNCTAD III represented a "decisive breakthrough" on the subject. The resolution included detailed suggestions to the developing countries to establish research institutions and to the developed countries to lighten the problems associated with technology transfer. In addition specific suggestions were made to the developed countries--suggestions which had strong financial implications. For example, it requested that

"Taking note of the wishes of the developing countries the developed countries should: (a) Devote 0.05 per cent per annum of their GNP to the technological problems of the developing countries; (b) allocate at least 10 per cent of their research and development expenditure to programmes designed to solve problem of specific interests to developing countries generally, and as far as possible devote that expenditure to projects in developing countries."

In order to implement the many suggestions contained in the resolution on Technology Transfer a committee on Transfer of Technology was also set up.

Not unnaturally, given both the financial and long-term implications of these resolution to the industrialised countries, very little was achieved by the way of concrete results and a representative of the Secretary-General of UNCTAD observed in late 1975 that, "owing to the limitation of resources, only a few of the provisions of Resolution 39 (III) i.e. those relating to Technology Transfer had been actually implemented."

Meanwhile, the Charter of Economic Rights and Duties of States, adopted by the U.N. General Assembly in 1974, contained an Article, relating to Technology Transfer. This was much milder than the Resolution of 39 (III) of UNCTAD III.

UNCTAD IV meeting at Nairobi in 1976 also passed three resolutions on transfer of technology. The resolutions were general in nature and excluded some of the provisions of the resolution passed at UNCTAD III, such as the provision cited earlier regarding separate allocations of R and D expenditure to solve problem of developing countries.

After UNCTAD IV, the last meeting relating to the problems of technology and development was the UNCSTD meeting at Vienna in 1979. One of the key results of this meeting was the decision to set up a $250 millions fund to be spent for the furtherance of Third World science and technology. However, it now appears that even this may be in jeopardy because of the attitudes of some industrialised countries.

The linkages between the international problem of technology transfer, R and D efforts, etc. and India's national efforts at strengthening domestic R and D are now clear.

India, like most other developing countries, is committed to an export-led growth strategy which would necessitate liberal technology imports. Since there has been no agreement between the developing and developed countries on how this technology transfer could take place, the developing countries will have to compete amongst themselves in their efforts to buy technology from the MNCs--this could take the form of giving additional benefits at export processing zones, greater incentives to establish subsidiaries and so on.

The developing countries, including India, will, therefore, be in a week bargaining position in their import of technologies. This would have serious repercussions in their efforts to build and sustain strong indigenous R and D facilities and is likely, therefore, to lead to perpetual technological dependence.

# Defense Research, Development Organization

Madras THE HINDU in English 24 Jan 81 p 24

[Text]

Although the Defence Research and Development Organisation was set up only in 1958, its growth got a push after the 1971 war. From a mere eight per cent in 1958-59 the share of DRDO in the R & D expenditure of scientific agencies has grown to more than 21 per cent in 1970-77 and currently there are 34 main laboratories and establishment under DRDO. Defence, like the atomic energy and space, is considered as a strategic sector and has received prominence.

DRDO's primary responsibilities relate to the design and development of equipments and systems required by the services. Its R & D is not influenced by the demands of the civilian sector except in a very indirect fashion. Therefore, just as in the case of DAE, the DRDO's influence on the civilian sector can only be through "spin-off" from defence requirements. On the other hand, the defence requirements are substantial and cover a number of sophisticated industries such as aeronautics, electronics, transportation and so on, and therefore DRDO can potentially play an important role in the manufacturing sector.

The DRDO budget comes to only about two per cent of the Defence budget, although in absolute terms the DRDO expenditure is second only to DAE among the major scientific agencies. However, it may be questioned whether this is sufficient enough for DRDO to carry out its responsibilities to any degree of success as far as major equipment and systems are concerned.

In UK, for example, out of a £4.75 billion (Rs 8,550 crores) procurement budget for defence, about £1.5 billion (Rs 2,700 crores) are earmarked for defence R & D budget during the current year. Out of this the government expects to spend £457 million (Rs 900 crores) in its own R & D establishments. Since the Indian defence chiefs almost unanimously opt for standards and systems comparable to those obtained in the west, it could be argued that the funds earmarked DRDO fall far short of the required level of commitment. This will be elaborated later on.

There are broadly two categories of projects at DRDO laboratories. The first category includes tasks taken up against definite qualitative requirements (QRs) of the Services and are called Staff projects. The second category is that of projects taken up by DRDO on its own with a view to developing competence and infrastructure in the areas of basic technologies. These are designated "R & D" projects. Currently about 60 per cent of DRDO budget is devoted to Staff projects and 40 per cent to R & D projects.

Since Staff projects are directly related to Service requirements, most of the "spin-off" can come from "R & D" projects only. The transfer from DRDO to industry in almost all cases is via one of the three mechanisms: (1) through the Department of Defence Production, which is entrusted with the development of indigenous sources of production of stores developed by the R & D organisation and others for which drawings and specification are available; (2) through the Department of Defence supplies which also undertakes the establishment of production of items developed by the R & D organisation in those cases where the Defence Production units are not in a position to take up the manufacture.

In addition these two departments maintain close liaison with the firms which are awarded contracts and provide them with the necessary technical assistance and guidance during the development stage as well as during the production stage and finally (3) through NRDC.

The first two mechanisms related basically to the production of defence items in the civilian sector. It would be useful to have statistics relating to the penetration of products—originally produced by the civilian sector for defence needs—into the civilian market. Unfortunately such figures are not available. It leaves, therefore, only the third option—that of licensing via NRDC—that can give some idea of the impact of "spin-offs".

According to the NRDC Annual Report for 1978-79 the number of effective inventions reported to NRDC by the Ministry of Defence was 134 out of which only 53 had been licensed. The royalty received by NRDC on items relating to Ministry of Defence invention amounted to only about Rs 11,400 out of a total NRDC royalty earnings of approximately Rs 47 lakhs. It would seem therefore that the civilian "spin-off" of Defence R & D is minimal.

However, as already mentioned, the primary mission of DRDO is to satisfy the defence requirements. How far have they been successful?

There are two aspects to this. First, as indicated earlier, the Staff projects of DRDO are initiated at the request of Services against definite qualitative requirements (QRs). The question is how many of such Staff Projects were successfully completed and how many were subsequently adopted by the Services? Secondly, how far are our defence requirements being met through indigenous efforts?

Staff projects constitute approximately 60 per cent of the total DRDO budget. The share of air force in the total cost of all the staff projects is approximately 47 per cent, that of Army 41 per cent, navy and inter-service projects accounting for the remaining 12 per cent.

The available information along with the observations made in the Ministry of Defence annual report leads to the following conclusion.

Staff projects which relate to small items—relatively speaking, such as Armaments, Materials and General Stores and Engineering, which involve essentially projects of short gestation periods, result in production of item of low unit cost, relate to import-substitution seem to have a higher rate of acceptance. On the other hand projects involving large sums and which may necessitate huge investments for production such as vehicles, aeroengines or aircraft seem to have a very low level of acceptance.

For instance, after HF-24, introduced in the early 60s, the aircraft industry has not really advanced to the higher levels of military aircraft, and it is not as if they were unaware of the need for new types of aircraft or the need for long-range planning. In the HAL annual report for 1965-66, it was admitted that "The gestation period in aircraft design is one of the longest known in the industry of the order of 8 or 10 years between the first design and delivery of the first production aircraft." It was also announced that "proposals for a new military aircraft have reached a fairly advanced stage of design studies."

Work is in hand to prove basic concepts and wind-tunnel testing of models is expected to begin during the current year. The Advanced Design Group at the Bangalore Division is collaborating with the Gas Turbine Research Establishment in formulating specification for an indigenous engine to power the aircraft. Now fourteen years after that, there is still no such indigenous engine and no such aircraft. The same seem to hold true for other high-cost high-technology items.

To be sure, there have been some big success stories. One such is the indigenous production of Secondary surveillance radar by Bharat Electronics Limited on the basis of development carried out by one of the DRDO laboratories for which it received a gold shield for import-substitution. But such success stories are few and scattered.

So, how does one assess DRDO's work? For a variety of reasons mostly due to the emphasis on secrecy and security aspects—sometimes justified—it is not possible to get data on the proportion of successful staff projects that have gone into production, whether they relate to high-cost or low-cost items and so on. All that is possible to say is that in the areas of armaments, aircraft, avionics, missiles and other related high-technology items, the dependence on imports is still overwhelmingly high.

Madras THE HINDU in English 24 Jan 81 p 24

[Text]

IT is not an accident that amongst the various sector-wise programmes outlined in the Draft Science and Technology Plan (1976-79) from NCST in 1971, the only two sectors that came anywhere near fulfilling the Plan were the Atomic Energy and Space. It is also no accident that the two—and the only two—major technological successes in India namely the atomic explosion at Pokhran and the successful launching of the Indian satellite were from these agencies.

Competent and efficient management was certainly one of the reasons for the relative success of these two departments. But much more important and critical were other reasons which relate to their primary mission and associated characteristics.

First, both atomic energy and space were, and are considered items of strategic importance and closely related for a long time under a single unit. It was only in 1972 that the space programme of the country which till then had been under the DAE, was formed into a separate department under the Prime Minister.

As a result of this perception of these two items as matters of strategic importance, they were also accorded priority on budgetary allocation. These two together accounted for about 40 per cent of the total R & D expenditure of all scientific agencies in 1976-77.

Secondly, both the departments were given tasks within a narrow field. Their mission were quite limited. DAE was concerned with Atomic energy and the principal objectives of the space programme in India are to develop indigenous competence for designing and building sophisticated hardware involved in space technology. Apart from electronics, space and Atomic energy, there is no other sector in India which has a single apex body concerned with the development of that sector.

Thirdly, both atomic energy and space were insulated from the rest of economy. They were not manufacturing units interacting with the rest of the industry except in so far as equipments and components were procured. They were the generators and users of their technology. There was no compulsion and need to vie for external producers to produce and market their products in a competitive fashion. Their only attempts to go into market—the case of the Power projects Division of the DAE—has not been a shining example. The project delays and cost increases are reminiscent of any number of public or private sector projects in other spheres of the economy.

Fourthly, cost-benefit analysis were largely absent in the review of these agencies work because of the nature of the work involved. Moreover since they were the sole units involved in this work in India, comparative costs with other units could also not be made.

In contrast to this, almost every other sector in India, as shall be discussed later, suffers from spurious and ill-conceived cost-benefit studies in their attempts to achieve self-reliance. If only the Government had taken up the cause of other sectors such as fertilisers, power or chemicals, had as zealously as they had done on behalf of space or atomic energy, the results would have been doubly successful if not as spectacular.

In terms of their influence the results of the R & D expenditures on these two sectors have not been very much successful. The only manner in which they could influence the rest of the industry was through their procurement of goods and components and the transfer of technology.

The very nature of the work of DAE and DOS requires the supply of quality high-technology items. Much of the items that are delivered from the industry—both private and public—to DAE and DOS are those that are produced under collaboration. Only by classifying items fabricated under licence from imported raw materials and components as indigenous equipment can one arrive at estimates of 90 per cent indigenisation in nuclear power plants or space vehicles.

One another indicator of the influence of these procurement policies would be the extent to which equipment and materials supplied first to DAE or DOS according to their exact standards later on become part of the general industrial output to other users. Unfortunately figures are not available on this score.

As far as technology transfer is concerned, the picture is not any brighter. The major effort at technology transfer from DAE took place when BHEL was formed as a separate public sector undertaking under DAE. BHEL was then staffed by DAE personnel and their product line reflected the expertise and experience which DAE had built up in them as part of its research activities. Apart from this, the amount of technology transfer that has taken place from DAE to industry, especially private industry has been minimal.

It is quite likely that the current production in Indian industry of products arising out of DAE's R & D efforts and the resulting transfer of technology amount to less than that of the efforts of CSIR laboratories. Unfortunately no precise figures are available on this count. The position would not be that much different in the case of DOS. Notwithstanding its spectacular successes, its impact on the industrial scene has been minimal. Inspite of the presence of an active and apparently enlightened transfer of technology unit at ISRO, the results have not been very encouraging.

Where does all this lead to? Should we then scrap our atomic energy and space programme? Certainly not. Nuclear power is likely to be the dominant source of power in India by the early 21st century and it is necessary that enough infrastructure is built by then to achieve any degree of self-sufficiency.

On the other hand, it is equally necessary that sufficient attention be paid to other aspects of nuclear power—as in other power-generation such as material technology, heat-transfer system, generating systems and so on. As far as space programme is concerned, the technology transfer to industry will nearly always be through 'spin-off' technologies and even in the most advanced economies, there has been very little attempts at serious evaluation of the spin-offs of space programmes.

Thus any attempt to evaluate the space programme must be made on its merit of having achieved the objective of developing indigenous competence for designing and building sophisticated hardware involved in space technology and not on how far it has reached the very doorsteps of the common people through spin-offs.

PANEL DISCUSSES DEVELOPMENT OF PRINTING INDUSTRY

Madras THE HINDU in English 21 Jan 81 p 9

[Text] Madras, Jan. 20. The Government of India will continue to import all types and varieties of paper for use by the printing industry despite the acute constraint on foreign exchange resources. This assurance was conveyed by Mr B. R. R. Iyengar, Joint Secretary, Union Ministry of Industry, while participating in a panel discussion on the role of the Government for development of the printing industry at the 20th All India Printers' Conference today. He said the Government realised that the printing industry was vital and was, therefore, committed to promoting its growth. Printing machinery manufacture was in a nascent stage and the Government would extend all assistance for its development. The Government would be willing to permit the import of machinery in completely knocked-down condition, or in some other form, for the manufacture of modernised machinery.

The advent of electronics had made the printing industry a very sophisticated one and the Government would permit the required imports. But this import process was a long-drawn one, and he felt there should be a phased programme.

Modernisation

During discussions, representatives, of the industry raised several problems faced by them. One view was that the induction of new and modern technology like photo typesetting was necessary to ensure efficiency and accuracy in printing. The Central Government's thinking on modernisation of the industry must be followed up by a clearly laid down policy.

A representative of the industry said the question of import duties might be left to the Government to be sorted out. But he wanted to know whether the Central Government looked at the problems as the industry did. If not, he would like the Government to look at it from the point of view of the industry.

Last year, the Central Government had reduced the Customs levies on some selected items needed by the printing industry up to 25 per cent. He felt that this should be followed by a deep study of each item that went into the production of the printed matter and extend suitable relief.

"But what is inexplicable is that several other items of import of capital equipment, which are essential for the industry, have remained untouched. Why

is that, in spite of several representations from the industry, the Government of India has not responded favourably" he asked.

He did not think that the printers were averse to paying duties. He assured the Government on behalf of the industry, that it would pay all legitimate dues.

Irrationality

He said the printing industry should be placed in a special category due to its vital role in the progress of the country. The Government had permitted the import of newsprint and exempted it from Excise duty. It should apply the same yardstick to other equipment that went into the printing industry.

The Government must pay greater attention to the end-use of the imported equipment. As long as it was satisfied that the equipment formed part of the printing process, it should cut down the levies. But that was not the case at present. "This irrationality requires some explanation. The industry would like to know what is the thinking of the Government on these aspects," he said.

The import of latest and sophisticated printing machinery was a "necessity." The industry appreciated the Government's efforts to promote and encourage not only its growth, but also plans for modernisation and progressive manufacture of modern printing machinery. The indigenous machinery manufacturers certainly deserved protection, and the printers would extend their cooperation to the Government in this regard. At the same time, a great deal of dependence had to be placed on imports for some more time. It was hoped that Mr Iyengar would let know the Government's thinking on the subject. [as published]

Answering the points raised by the participants in the discussion, Mr Iyengar said adequate attention should be paid to intensive training in modern methods of printing. The Institute of Paper and Paper Technology at Saharanpur, taken over by the Union Government, would be made the most leading institute of its kind in entire Asia. The All India Master Printers Federation might start an Institute of its own, like the one in Bombay for the silk and art silk industry.

Exchange Constraints

Referring to the plea for a long-term policy in respect of machinery import, he said this could not be done, as the Government had to take into consideration the overall constraints on foreign exchange resources. At the same time, he wanted the industry to find out areas where it could introduce locally made machinery.

It was duty of the Master Printers' Federation to consider measures for the phased manufacture of printing machinery in the country. In other areas, it should decide at what levels the goods should be imported. The newly- constituted Development Council for the printing industry was the ideal forum for tackling all these questions.

About the alleged harassment by the Madras Customs authorities, Mr Iyengar requested the Federation to send him a memorandum.

Earlier, several members of the panel complained about the harassment experienced by them in the clearance of imported goods and the arbitrary manner in which the Customs officials interpreted the notifications governing imports.

Mr C. D. Rangachari, Additional Collector of Customs, Madras, said the Customs had to abide by the Belgian Tariff Nomenclature adopted by the Government, and any interpretation should fit into the notification as it was worded. Any particular difficulty experienced by the importers could be sorted out at higher levels in the Madras Customs House.

Quality Control

Participating in a panel discussion between printers and print buyers, Mr P. S. Barathakur, Director, Advertising and Visual Publicity, New Delhi, appealed to printers to introduce quality control and strictly enforce it.

He said the DAVP was the largest buyer of print space, but it found that some of the manufacturers of printing paper and graphic arts equipment had not come up to standards. It was here that close cooperation among all printers was essential.

There was no standardisation of printing equipment. Research and development facilities were lacking. The DAVP found it difficult to obtain quality reproduction even in ordinary printed materials like folders.

Another baffling problem was the differing rates quoted by printers for the same job from the same city. He appealed to the printers to adopt a regular costing system.

Mr R. K. Swamy, representing the advertising agencies, stressed the need to maintain quality in production. He wanted the printers to take steps for promoting the development of typography in all the Indian languages.

Mr R. Kulandaivelu, Managing Director, Tamil Nadu Textbooks Society, said the poor quality of books produced by the Society was due to the supply of third rate paper by mills and the rates fixed by the Government.

Mr Ravinder Seth, of ITDC, also emphasised the need to ensure quality control.

On behalf of the printers, Mr Pranab Pariku and Mr Arun Mehta said the DAVP did not allow adequate spoilage allowance for the paper supplied to them. The paper was spoilt since there was no uniform standard. There were variations in grammage as well as in sheets.

They wanted the Government to ensure that the paper mills in the country [illegible] quality paper.

Mr M. R. Kumar, President, All India Master Printers' Federation, said the Federation would have dialogue with Government officials regularly to sort out problems faced by printers.

NORTHEAST RAILWAYS MANAGER TALKS TO PRESS

Calcutta THE STATESMAN in English 23 Jan 81 p 9

[Text]

**LUCKNOW Jan. 22.—Thirty-five passenger trains in Bareilly, Lucknow and Varanasi regions served by the North-Eastern Railway were cancelled today and five more were partially cancelled because of coal shortage.**

Mr Prabhindar Singh, general manager, North-Eastern Railway, told a Press conference here today that the stock position of coal in various loco sheds was low. The situation had slightly improved two or three months ago, but deteriorated in the past two or three days. Priority was given to thermal power plants regarding supply of coal at the cost of the railways he thought.

Giving details of various projects of the North-Eastern Railway, particularly the guage conversion projects on the entire truck route from Lucknow to Katihar, Mr Singh said that the work between Chhapra Kachery and Gorakhpur, Gorakhpur and Gonda and Gonda and Lucknow (Malhaur) was being completed in phases. The work was likely to be completed by the middle of this year.

The metre guage line between Samastipur and Muzaffarpur and between Muzaffarpur and Sonepur had been converted to broad guage and opened for traffic in 1978 and 1978 respectively. Similarly the conversion work of the 493-km-long Lucknow (Malhaur) to Sonepur metre guage line was nearing completion.

The Sonepur-Chhapra Kachery section was likely to be opened early next month, he said.

The 8-span bridge over the Ghaghra near Jamas Road in Mamkhar district—the longest bridge of the Northeastern Railway—was being strengthened to carry broad guage loads at "unrestricted speed" over the Lucknow-Katihar section. Sixteen broad guage girders had been set up and the last one would be placed by the middle of February.

With the conversion of the metre guage line into broad guage and the opening of a new diesel shed at Gonda in near future, 30 more old steam engines would be condemned, Mr Singh said, and added that this would reduce the cost of fuel considerably.

He admitted that the cost of fuel, including coal, had gone up by about 100%. As a result the operational ratio of the railway, that is the ratio between its total earnings and expenses, had been affected.

In this context he pointed out that the railways had suffered considerable loss owing to stoppage of all loadings at Barauni and the fall in the number of passengers in the wake of the Assam agitation. The loss was estimated at between Rs 14 crores and Rs 15 crores a month.

Replying to a question, he said that with the start of operation of the broad guage line train services would have to be rescheduled. Transhipment would stop for 10 days after the Holi festival between Chhapra and Gorakhpur.

In reply to another question regarding crimes, Mr Singh expressed his grave concern. The incidence of crimes on the North-Eastern Railway had increased during April-November last year compared with the corresponding period in 1979. There were 19 murders, 96 dacoities and 70 cases of robberies last year. Thefts of booked consignments had also increased. Mr Singh said that the assistance of the State Government had been sought to check the incidence of crimes.

CSO: 4220

CONFERENCE DISCUSSES NATION'S ROLE IN WORLD TRADE

Bombay THE TIMES OF INDIA in English 22 Jan 81 p 7

[Text] New Delhi, January 21. The commerce minister, Mr Pranab Mukherjee, today urged developed countries to remove protectionist barriers against goods from developing countries in the interest of their own economic recovery.

Developed countries should assist the process of restructuring the pattern of industrial development based on comparative advantage factor so they did not go on supporting inefficient industries, Mr Mukherjee said.

He was addressing a conference on "India as a world trading partner" organised by THE FINANCIAL TIMES, London, in association with the Federation of Indian Chambers of Commerce and Industry.

The presence of the Indian commerce minister and his British counterpart, Mr John Biffen, who is on an official visit here, inevitably cast the debate into the mould of the north-south dialogue revealing a wide gap between the perceptions of the two countries on the problems of world economy.

British Record

Mr Biffen lauded the principle of free trade but pointed out the difficulties of industrial adjustments which led to unemployment in country like the UK where the problem was already acute. "In 1980 alone, one in eight of the jobs in the textile industry will have been lost."

Mr Biffen defended the British trade and aid record, which compared well with that of other OECD countries and attacked the performance of the eastern bloc on this count. "The eastern bloc is more noted for its direct involvement in the affairs of developing nations than for its desire to bring them to greater economic independence."

According to the British secretary of state for trade, industrial adjustment was a challenge which had been made more difficult since the oil crisis of the early seventies.

Besides, developing countries had improved their industrial base by achieving capacity in sectors where the markets in developed countries had reached or were reaching saturation.

In fact, Mr Biffen suggested that successful exporters among developing countries must give a greater access to goods from developed countries.

Mr Mukherjee, on the other hand, contended that there was a clear distinction between the protective action of new and growing industries in developing countries from the protectionist action by developed countries that supported inefficient industries.

Mr Biffen questioned the very validity of the north-south divide in view of the prosperity of the OPEC countries. He pointed out the great divide in the south itself where Bangladesh had a per capita income of $100 per annum and Kuwait with $15,000 per annum.

Mr Mukherjee referred to India's plan programme and its production and export strategies. He drew the attention of the participants to import liberalisation and other steps taken by the government to promote industry and trade.

Growth Rate

Dr Manmohan Singh, member-secretary, planning commission, in an optimistic assessment of the economic prospects, said it was feasible to achieve an average annual growth rate of 5 to 5.5 per cent during this decade.

He said despite uncertainties, India's balance of payments would not act as a severe constraint on its development in the '80s as was the case before 1975.

Mr S. M. Ghosh, secretary in the ministry of industries, highlighted the need for production integration plans and the emerging opportunities in third countries. He recommended joint tendering by Indian and British companies for third country projects.

Mr K. V. Raghavan, chairman and managing director of the public-sector Engineers India Ltd., said the public sector in India must be streamlined to make it an effective participant in world trade. Many international organisations operated in areas of technology and business more diverse than that of Indian public sector units.

Mr M. V. Arunachalam, noted industrialist said the private sector had been trying to plan its production for exports and to develop a marketing technology which would make Indian goods known to foreign buyers.

In the field of marketing there was considerable scope for joint ventures with trading firms in other countries.

Mr K. N. Modi, FICCI president, said while India needed foreign capital and technology, it was at the same time able to export technology and skills to less developed countries.

He called for the cooperation of developed countries in reexporting products from India and in setting up joint ventures in third countries.

Dr Bharat Ram, former president of the International Chambers of Commerce and Industry, stressed the need for creating an international economic system, which was open and equitable.

HINDUSTAN AERONAUTICS CHAIRMAN DESCRIBES PROGRESS

New Delhi PATRIOT in English 26 Jan 81 p 10

[Article by B. K. Kapur, chairman, Hindustan Aeronautics Limited: "New Heights by HAL"]

[Text] Aircrafts will once again fly past the Capital's skies to regale the Republic Day crowd, who do not know the flying machines up there are our own, Indian made. And the proud manufacturers are none else than the public sector HAL.

Hindustan Aeronautics Limited had its beginnings as Hindustan Aircrafts Limited 40 years ago. In 1964 with its amalgamation with Aeronautics India Ltd., and the Aircraft Maintenance Depot, the organisation took its present name. But now it has come a long way since then.

In 1950, its turnover was a mere Rs 2.5 crores. In 1979 this went up to Rs 155 crores. And today it stands at 174 crores. With this, HAL has emerged as one of the largest aeronautical complexes east of the Suez with 11 Divisions in 5 states in the country viz. Karnataka, Andhra Pradesh, Maharashtra, Orissa and Uttar Pradesh. It is the sixth largest public sector undertaking with over 40,000 employees.

Aeronautics being a sophisticated industry, HAL were one of the first to computerise their working in 1965. All programming was done by HAL themselves.

The prime objective of the company has been to serve as an instrument of National Policy to achieve self-reliance in design, development and production of aircraft. HAL's activities range from licensed production to design, development and manufacture of aircraft, helicopters, power plants, avionics and systems and overhaul. Besides, HAL has taken steps in various directions to step up diversification programmes. Its contribution is not only defence-oriented. Its efforts towards building the infrastructure to achieve self-reliance and its contributions in the form of technological spin-off would help in economic development. It is in this way that the life-style of the common man can be improved.

2,000 R&D personnel and a broad based technology at HAL go into the development not only for aircraft but towards improvement in navigation, computerisation, and miniaturisation and in the fields of electronics, hydraulics and fuel management.

HAL's achievements are indeed laudible. It has produced fleets of fighter aircraft, transport planes, helicopters etc., built to suit diverse roles. For air safety it is manufacturing approach radars, route surveillance radars (for continuous surveillance) etc. It is setting up a 20 crore unit for the manufacture of navigation equipment including advanced optical systems, data recording systems etc. HAL is also working on six advanced avionic systems to replace the old ones and is [illegible]ovating the next generation of helicopters, combat aircraft avionics a[illegible]lete weapon systems.

After having achieved the capability of designing and originating concepts, HAL ventured into space-age activities. It played an important supporting role in the launching of Aryabhatta and was responsible for producing certain key structural elements for the satellite for Earth's observation and the 'APPLE' spacecraft.

HAL has procured orders for spare parts from leading concerns like Rolls Royce of England, Aerospatiale of France. The Royal Malaysian Air Force etc. It is now securing prestigious contracts from established manufacturers all over the world.

What HAL plans for the future can be answered in two broad categories viz. (a) To expand production, and (b) To intensify Design and Development activities.

As far as expanding production is concerned the Jaguar itself is quite an addition to present production. The Airframe, the engine, forgings and castings will be manufactured at Bangalore, the avionics systems at Hyderabad and the accessories at Lucknow. The new factory will come up to make the new attack and other advanced systems. In its MiG complex HAL is now manufacturing the MIG-21B is which is the third type in the MiG series. [as published]

All parts of the MiG except for the radar and bought-out components are manufactured in India. Some raw material only, is imported. The radar too will soon be Indian. In fact it would be in order to say that the Indian version of the MiG is an improvement on the original in so far as avionics is concerned as we have graduated to advanced electronic systems. The AN 32 is an aircraft that HAL is soon going to manufacture as well. HAL has been making a concerted effort at intensifying Design & Development work.

CSO: 4210

# INDIGENOUS HELICOPTER TO BE MARKETED SOON

New Delhi PATRIOT in English 21 Jan 81 p 2

[Text]

The Hindustan Aeronautics Limited plans to shortly market helicopters to large business houses in the private and public sectors, reports UNI.

The chopper for sale will be the Chetak, build entirely indigenously by the helicopter and light aircraft division of HAL.

This will be the first time that HAL will put for sale any kind of helicopter.

An official release says Chetak is know for its ruggedness and ability for dare-devil landings and take-offs in inaccessible areas even at heights of about 5,500 metres. It is a seven passenger helicopter and can also be used for external and internal cargo, air ambulance jobs, rescue work, aerial surveys and pleasure flying.

For specific uses, HAL will be in a position to make minor modifications.

The introduction of Chetak as a private aircraft in the Indian scene will herald a new era in travel of top businessmen and industrialists and make for greater efficiency.

Considering the input output ratio and man hours saved Chetak works out to be more economical than a passenger car, says the release. Its consumption of refined kerosene oil as fuel is approximately only one litre per kilometre.

CSO: 4220

NEW AIRLINE BEGINS FLIGHTS TO NORTHEAST

Calcutta THE STATESMAN in English 28 Jan 81 p 4

[Text] Gauhati, Jan. 27--Vayudoot, India's third-level airline, began its operations yesterday with a flight from Gauhati to Shillong, reports UNI.

The Assam Chief Minister, Mrs Anwara Taimur, inaugurated the first flight of the long-awaited feeder airline linking Gauhati with some of the inaccessible areas of the north-eastern region.

In the first phase Vayudoot, floated jointly by the Indian Airlines and Air-India would connect eight towns covering the States of Assam, Meghalaya and Tripura and the Union Territory of Arunachal Pradesh.

Mrs Gandhi in a message said that the inauguration of Vayudoot was another milestone in the history of India's civil aviation. The new air service had fulfilled a long-felt need of linking the remote areas of the north-eastern region and would help in the development of its economy, she added. "May it consolidate our unity and be a messager of goodwill."

The Tourism and Civil Aviation Minister, Mr A. P. Sharma, said that with the inauguration of the third airline, the "seven sisters" of the region would no longer be inaccessible to each other and to the rest of the country.

He hoped that the introduction of the service would promote rational integration and speed up economic growth of the region.

The fares for the new services are 30% less than the fares charged by Indian Airlines. Mr K. N. Kathju, chairman-designate of Vayudoot, said that the air service would reduce the travel time between the points to be covered and would be a boon to the people of the region.

About 20 towns in the northeastern region are expected to be covered by Vayudoot in a phased manner. The Government's plan envisages feeder services to nearly 50 centres throughout the country not served by Indian Airlines.

Two Fokker Friendship aircraft, made available by Indian Airlines will be used now till a new aircraft is selected. Several types of aircraft are under consideration of the Government.

CSO: 4220

# ARMS POLICY EMPHASIZES DOMESTIC RESOURCES, PURCHASES FROM WEST

Kuala Lumpur BUSINESS TIMES in English 17 Jan 81 p 6

[Article by Prakash Chandra in New Delhi]

[Text]

INDIA is quietly launching a new arms policy which aims to place the country ahead of most of the Asian nations except perhaps the Chinese.

An immediate aim, according to senior defence experts, is development of indigenous resources. Cost is no longer a factor in determining this line of action.

Prime Minister Indira Gandhi, who is also the Defence Minister, seems to have realised that it is no use, politically and militarily, to depend on one bloc whether Soviet or the West for new military hardware technology and weapons systems.

Hence, the need to shop in the West. Ten years ago, no one would have thought of this, although the Air Force did shop for equipment essential for its needs.

Now, a top official delegation has concluded deals in the US which would give access to anti-tank missile technology, called TOW, and howitzer guns which are new even to the US armed forces.

India's shopping in the US began after a lapse of 15 years. Observers say it is a significant change which may signal a new transfer with its Mirage-2 offer.

Admittedly, there is a strong lobby in New Delhi which favours growing ties with Moscow in the military hardware area. There are reasons for this way of thinking.

An important factor is the pre-determined political price for Russian equipment which is usually one-third or even one-sixth of the Western market price of new weapons systems.

The other "disincentive" about Western equipment is the Nato ban or restriction on non-Nato governments trying to get at their technology.

The transfer of technology in the area of defence is highly complex. It requires a great deal of diplomatic effort and negotiating skill to acquire Western equipment in which strings are often attached.

As one Indian defence analyst said: "The problem is to overcome Western objections to the Third World's acquiring weapons from both the East and the West."

A senior Indian expert said that "it is no longer tactically feasible to put all our egg in the Soviet basket. Let us be frank about it. The Soviets have always stood by us. But there are times when our men feel that they need an alternate technology."

An unspelt fear, of course, is that the Soviets can, when they so choose, slow down the flow of spare parts and equipment. The West has also done this in the past. There is always the threat of halting supplies in the event of a war on the subcontinent.

On the domestic front, the Gandhi government is promoting a new policy of developing its own weaponry. — Depthnews

CSO: 4220

DEMONSTRATIONS BY INTELLIGENCE AGENCY EMPLOYEES

Kuala Lumpur BUSINESS TIMES in English 31 Dec 80 p 6

[Article by Rajendra Bajpai in New Delhi]

[Text]

PRIME Minister Indira Gandhi's government is increasingly worried by unrest in India's main intelligence agency whose activities were once shrouded in secrecy.

Immediate cause of the anxiety is a recent two-week wild-cat strike in the super secret Research and Analysis Wing (RAW) and protest demonstrations and hunger strikes by agents who were expected not to show themselves to public gaze.

RAW is India's equivalent of the US Central Intelligence Agency (CIA). Its main objective is to collect intelligence abroad and keep the government posted.

The strike was sparked by restrictions on the movement of RAW employees within their new multi-million dollar headquarters building in Delhi. The front page treatment in newspapers included pictures of the agitating agents.

The exposure angered the government. Mrs Gandhi told a conference of policemen recently that such protests by intelligence agents would "compromise the quality and utility of their work and could not be permitted."

But the government's anger has failed to dampen the enthusiasm of RAW operatives, who have formed an association and claim they are receiving moral support from another agency, the Intelligence Bureau (IB).

The immediate consequence of the agitation was disclosure that raw had moved to its new headquarters, built at a cost of 180 million rupees (US$16 million) and fitted with sophisticated electronic gadgets and closed-circuit television which could monitor the staff's movements.

The trouble within RAW began shortly after they moved into the new building and orders were issued obliging the staff with the highest security clearance in the country to sign registers each time they entered any of the 80 units in the building.

Many of them took offence, tried to have the order rescinded and eventually went on strike. The government reacted by dismissing 50 men.

RAW employees then moved a petition against the dismissals in the Supreme Court and prepared for a long battle with the government.

RAW was founded in 1967. Few people knew that existed, its budget was secret and the agency was under the direct control of the Prime Minister's Office.

The agency came in for heavy criticism when Mrs Gandhi's election defeat ended her emergency rule in 1977 and the opposition charged that she had used RAW to keep her informed on political opponents.

Mrs Gandhi's successor, Prime Minister Morarji Desai, was reported to have questioned the justification for RAW's existence.

A new book called "Inside Raw" by Delhi journalist Asoka Raina says Mr Desai cut the agency's staff and budget by half and closed its external operations.

Raina said Ram Nath Kao, the British-trained intelligence man who helped found RAW, was unceremoniously sacked by Mr Desai.

The recent troubles in the agency partly stem from the fact that there was no method by which staff members could air their grievances with their superiors and an absence of regular service rules to cover their working conditions. — Reuter

CSO: 4220

## POWER DEPARTMENT OFFICIAL TELLS PLANS, PROGRESS

Calcutta THE STATESMAN in English 23 Jan 81 p 9

[Text] New Delhi, Jan. 22.--India will have to rely for power generation mainly on water and coal reserves with limited contribution from nuclear power plants in the foreseeable future, according to Mr D. V. Kapur, secretary to the Department of Power, reports UNI.

In an address delivered here today at a seminar on "India as a world developing partner" organized by the Financial Times, London, in association with the Federation of Chambers of Commerce and Industry, he said their relative shares would, however, depend on several factors like their geographical distribution and the state of readiness of hydro-projects in each region. The address was read out by Mrs Otnima Boria, joint secretary, in the absence of Mr Kapur.

He said the working group for power programme in the Sixth Plan had recommended addition of capacities of about 20,000 MW during 1980-85 and 28,000 MW during 1985-90 to meet the projected demands adequately.

Mr Kapur said presently projects with a total capacity of 30,000 MW were in various stages of construction and it was possible to commission projects with a capacity of 20,000 MW in the time-frame visualized. But this would require close monitoring and timely delivery of key material inputs and equipment.

Monitoring systems at the project, State and Central levels, had also been established to ensure completion of projects according to schedule.

He said the working group had also identified schemes which would be commissioned during 1985-90. It had given high priority to development of hydro-projects. If adequate advance action was taken on the hydro projects that had been identified, it should be possible to add a hydro capacity of 12,000 MW to 13,000 MW during 1985-90.

Mr Kapur said that the Department of Atomic Energy had also formulated a long-time strategy for nuclear power development. This envisaged taking up of new nuclear power plants in the western, southern and the northern regions. However, an addition of only 235 MW was anticipated from nuclear programmes during 1985-90. The balance of about 15,000 to 16,000 MW would have to be derived from thermal power plants.

CSO: 4220

TWO COSMONAUTS SELECTED FOR TRAINING IN USSR

New Delhi PATRIOT in English 28 Jan 81 p 10

[Text] Two pilots of the Indian Air Force will be selected for training in the Soviet Union, head of the cosmonauts training centre Lt. General Georgi Beregovoy said at a press conference in Delhi in Tuesday.

He said both would receive training at the same level but only one would go into space while the other would be an alternate.

Mr Beregovoy said the selection of the men would be done in three stages and on medical parameters. The process of selection would itself take over six months and the training over a year.

He said the first stage selection would be done in India by the Indian medical men. In the second stage, Soviet medical men would come to India and along with Indian doctors make a choice from amongst the already selected ones.

In the last stage Soviet and Indian medical experts would choose the two pilots to be trained as cosmonauts.

Mr Beregovoy visiting India for the first time at the invitation of the Indo-Soviet Cultural Society said if the decision were taken to send a man immediately the selection could be complete by the end of the year. 'We are ready to invite a person even tomorrow', he added.

Mr Beregovoy a pioneer in space who has contributed to the setting up of space stations by his research during flight on board 'Soyuz-3' in October 1968, said 12 to 18 month's training was required for a flight of 7 to 10 days in space. [as published]

Mr Beregovoy said a cosmonaut had to receive training for various types of conditions of stress that he will have to face in space like vacuum and weightlessness.

At present Mongolian, Romanian and French astronauts are being trained by the Soviet Union, he said.

CSO: 4220

UNIFORMITY IN MILITARY RETIREMENT AGE SOUGHT

Madras THE HINDU in English 20 Jan 81 p 9

[Article by G. K. Reddy: "Senior IAF Officers' Age of Retirement May Be Raised"]

[Text] New Delhi, Jan. 19. The Government proposes to upgrade the retirement age limits for senior Air Force officers to bring them on par with the prevailing superannuation regulations at the higher levels of the Army and the Navy in order to maintain the same degree of uniformity in respect of all the three services.

The need for an early decision has arisen because of the impending retirement of the Chief of the Army staff, Gen. O. P. Malhotra, on completion of his three-year tenure, and the Chief of the Air Staff, Air Chief marshal I. H. Latif, on reaching the age of 58 without completing his full tenure.

Previously the retirement age limits for the chiefs of staff and other senior officers in both the Army and the Air Force were two years below the comparable levels in the Navy which from the very beginning followed the British pattern because of the paucity of trained Indian officers and different service conditions. The Army and Air Chiefs had to retire at 58 whether or not they completed their three-year tenures, while the Navy Chief had the benefit of another two years to go through his full tenure before reaching 60.

The Government upgraded the retirement age limits for the Army a few years back, but left the Air Force out until a more appropriate occasion to avoid a blockage of promotion prospects at higher levels by indirectly granting extensions to those at the top of this relatively younger service. But now the stage has been reached for introducing the same degree of uniformity in the Army, Navy and the Air Force.

After the upgradation, an Army Chief in the rank of a full General was entitled to serve till the age of 60 or completion of his three-year tenure whichever was earlier, a LT.-General till 58 instead of 56 and Major-General till 56 instead of 54 subject to their respective four-year tenures. Now the Air Chief also can stay on till 60, an Air marshal till 58 and Air Vice-Marshal till 56 on the same conditions.

In pleading for the same retirement age limits for the Air Force, the present Air Chief, Air Chief Marshal Latif, has suggested that he should be permitted

to retire by the middle of June, 1981, in the normal course on reaching 58 in terms of his original appointment, so that he does not become a beneficiary of his own recommendation. But it is more likely that the Government will ask him to continue for a few more months, till the end of August 1981 when he completes his full three-year tenure.

As the Army Chief will be retiring in May, 1981, after his full three-year tenure, the Government has already started thinking of his successor from amongst the senior-most Lieutenant-Generals available for promotion. The most likely choice will be the present General Officer Commanding-in-Chief of the Western Command, Lt-General K. V. Krishna Rao, who has an excellent record of service with the necessary battle experience.

The GOC-in-C of the Eastern Command, Lt-General E. A. Vas, is senior to Lt.-General Rao, but he is due to retire just a few days before Gen. Malhotra relinquishes charge on completion of his tenure. As it so happens, Lt-General Vas reaches the age of 58 on May 15, 1981, but he will be retiring only at the end of that month in accordance with the present Government rules, on the same day as Gen. Malhotra by a strange coincidence.

There is a precedent of the Government extending the service of a senior officer in the line of succession to enable him to get over such a technical problem. It was done in the case of Air Marshal Latif in 1978 when the Government decided to appoint him qs Air Chief after Air Chief Marshal H. V. Mulgavkar's retirement. [as published]

But there is no indication so far that such an exception would be made to let Lt-General Vas stay on till Gen. Malhotra has retired from service, simply to give him the benefit of his marginal seniority irrespective of other considerations. And the top Army brass is proceeding on the assumption that the mantle will fall on Lt.-Gen. Krishna Rao in his own right.

CSO: 4220

CONSTITUTIONALITY OF JUDGES' TRANSFER CHALLENGED

Madras THE HINDU in English 28 Jan 81 p 1

[Text] New Delhi, Jan. 27.

A Division Bench of the Supreme Court has referred to a Constitution Bench of five judges a writ petition filed by Miss. Lilly Thomas, advocate (petitioner), challenging the constitutional validity of the orders of the President transfering Mr. M. M. Ismail, Chief Justice of the Madras High Court as Chief Justice of the Kerala High Court. [as published]

The Bench, consisting of Mr. Justice P. N. Bhagwati and Mr. Justice E. S. Venkataramiah, referred the petition to the five-member Bench as it involved interpretation of certain constitional provisions (including Article 222 dealing with "transfer of a judge of the High Court" and Article 21 dealing with personal liberty).

Earlier, Mr. Lalnarain Sinha, Attorney-General (appearing for the Union of India) submitted that it was advisable that the Court decide the constitutional questions once and for all and said he was not opposing the maintainability of the petition. But, he opposed the writ on merits as, in his view, it had none.

At his request, the Court ordered notice to the respondents (petitioners before the Madras High Court) why a writ petition, now pending before the High Court on the question of validity of transfer of Mr. Justice Ismail should not be transferred to the Supreme Court.

Interim Stay: The Bench also ordered interim ex-parte stay of further proceedings on this petition in the Madras High Court and directed that the orders be communicated telegraphically at the cost of the Union of India.

It also directed the petitioner to file a supplementary affidavit by Saturday and the Union of India a reply, if any, four days thereafter.

Dr. L. M. Singhvi, senior advocate, moved a petition on behalf of a Bihar lawyer seeking permission of the court to intervene in connection with the hearing of this writ petition.

Arguing in person, Miss Thomas submitted that the impugned orders of transfer of the "Chief Justice" did not fall within the meaning of "a judge of a High Court" under Article 222.

The Bench enquired as to what fundamental right of the petitioner was infringed to entitle her to maintain this writ petition. A petition under Article 226 might lie in a High Court whether or not there were merits in a given case.

She submitted that "if a forum (Chief Justice of a High Court) is scared away by the transfer, then my fundamental right is taken away because enforceability of a fundamental right in a legally constituted forum is itself my fundamental right".

Transfer of Munsifs: Mr. Justice Venkataramiah observed that all subordinate judicial officers like munsifs were being generally transferred. In the scheme of administration of justice, a munsif or a magistrate (who passes judicial orders affecting rights of parties in given cases) were as much important as judges of the Supreme Court or High Courts and no question of independence of judiciary was raised when a munsif was transferred.

When counsel persisted that availability of a forum was important and formed part of her fundamental right, the Bench observed that the forums, namely, the Madras and Kerala High Courts were functioning as also the other judges there. Therefore, how was the forum affected (by the impugned transfer). Their Lordships asked. [as published] She maintained that whenever a forum (High Court) duly constituted was affected, her fundamental right was also affected.

Their Lordships recalled an earlier ruling where the majority judgment held that a transfer of a High Court judge "in the public interest" and after "consultation with the Chief Justice of India" was permissible though a minority judgment (of which Mr. Justice Bhagwati was associated) held that even such a transfer should be with the "consent" of the judge concerned.

Miss Thomas submitted that this case did not decide the question whether Article 222 would include a "Chief Justice" also.

Role of Chief Justice

Dr. Singhvi argued that Miss Thomas' petition was maintainable. The crucial question was whether the fundamental right of a citizen under Article 21 took within its scope the fundamental right to an independent judiciary, untramelled by executive interference of any kind.

He explained that, as ruled by the Supreme Court in some important cases like the Maneka Gandhi case, Article 21 postulated a "fair, reasonable and just procedure" in a law affecting a person's liberty.

Consent: When counsel was referring to a minority judgment (that the 'consent' of a judge should be obtained before transferring him), Mr. Justice Venkataramiah asked as to how the 'consent' of a judge in a given hypothetical case could be obtained for his own transfer even though it was felt that his transfer was necessary in the 'public interest' for some good reason.

Counsel submitted that the office of a "Chief Justice" stood apart from other judges of a High Court. Mr. Justice Venkataramiah then observed that, except for certain administrative matters, the Chief Justice and other judges stood on the same grounds as regards administration of justice. Otherwise, His Lordship said, there

would only be one judge and that was a Chief Justice in each High Court, which was a dangerous concept.

In some cases, His Lordship observed, a transfer in a given case might help in furtherence of steps for enforcement of fundamental rights of citizens concerned. [as published]

Answering Mr. Justice Bhagwati, counsel submitted that besides administrative work, a Chief Justice played a crucial role in appointment of judges.

In response to questions from the Bench, counsel submitted that the provision for transfer of High Court judges might be "beneficial" in some cases and might be "injurious" in some other cases where transfers were not made in the "public interest".

It was for the court to go into the question of "public interest" in a case of given transfer. As this case raised important constitutional questions--interpretation of Articles 222 and 21--he pleaded that it might be posted before a Constitution Bench.

Public Interest: Replying, the Attorney-General submitted that a question--whether a transfer in a given case made after "consultation with the Chief Justice of India" was in the public interest--was not open to judicial scrutiny because the Constitution makers for obvious reasons concerning the superior judiciary entrusted the same to the President and the Chief Justice of India under Article 222.

In response to a query from Mr. Justice Venkataramiah, he submitted that certain things which weighed for "transfer" in the public interest in a given case had to be discussed in public courts and this was the reason for excluding judicial scrutiny into the area of "public interest" concerning transfer of judges of High Courts. The dignity and the independence of superior judiciary had to be maintained.

Dr. Singhvi, said in a case where a "transfer" was contested as not promoting "public interest", the Supreme Court or the High Court, as the case might be, should be told about the reasons in support of the "public interest". This would further the course of independence of judiciary.

PTI reports:

The Chief Justice of the Patna High Court, Mr. K. B. N. Singh, whose transfer to Madras has been challenged in the Supreme Court, might await further instruction from the Centre in view of order today to refer the matter to a Constitution Bench.

CSO: 4220

## DRAFT NATIONAL POLICY ON NUTRITION CIRCULATED

Bombay THE TIMES OF INDIA in English 23 Jan 81 p 7

[Text] New Delhi, January 22.

The ministry of social welfare has circulated among the states a draft national policy on nutrition, propagating an integrated approach with related programmes in agriculture, food commerce, education, health and welfare.

This is a follow-up to the decision early this week by the concerned central and state ministers to enunciate a national policy to raise nutritional standards within a reasonable time.

The states have been asked to send their views on time applicability and formulation of programmes and provision of funds to translate the policy into action in the next four years.

According to the draft, the special problem of high infant and child and maternal mortality and morbidity involving under-nutrition and malnutrition directly or indirectly makes a national policy imperative.

### Baneful Effects

The baneful effects of malnutrition in early life cannot be remedied in later years. Therefore, raising the nutritional status of the people, especially of children and expectant and nursing mothers belonging to lower socio-economic groups merit high priority in national development.

The main causes of malnutrition are: low purchasing power of the masses to procure the food commodities; injudicious use or non-utilisation of available resources; lack of knowledge on nutrition; prevalence of infections due to deficiencies in public health and sanitation and population extension not commensurate with the resources potential.

In the context of the multi-dimensional nature of the problem, integrated intersectoral food and nutrition planning is proposed to be introduced as a long-term solution with carefully planned and synchronised inputs from agriculture, health, education, rural development, industry, commerce and other related sectors. A pilot study in this direction has been initiated by the food department.

The proposed strategy envisages coordinated development of the main elements of nutrition--supply, consumption and efficient utilisation with mutually reinforcing contributions from different aspects of food production, fortification and supplementary feeding.

For instance, local production of nutritionally valuable foodstuffs will receive special emphasis. The nutritive content of food crops will be improved by selection and breeding.

Efforts will be made towards fortification of cereals and other foodstuffs with appropriate nutrients to minimise specific deficiencies in large sections of the population. Further, there will be state-directed popularisation and marketing of low-cost nutritious food proparations from locally available raw materials for the benefit of low-income vulnerable sections.

In the educational sector, the emphasis will be on the knowledge of maximum utilisation of indigenous and inexpensive nutritious foods. Mass communication techniques will be employed in favour of breast feeding. Increased support will be extended to research and development on a low-cost balanced diet. Nutrition education will be an integral part of general education from the pre-school to the higher secondary stage.

To prevent malnutrition among children, expectant and nursing mothers belonging to the lower socio-economic groups, the government, if necessary, will intervene through programmes of supplementary feeding.

The prophylaxis programme for combating vitamin 'A' deficiency among children, nutritional anaemia and goitre in endemic areas among expectant and nursing mothers will be gradually extended to cover the entire population belonging to the lower socio-economic groups.

A central co-ordination committee of specialists and representatives of the departments of food, agriculture, social welfare, education, health and family welfare and the planning commission will monitor and recommend appropriate measures from time to time.

CSO: 4220

DETAILS OF SOVIET IRRIGATION PACT WITH NATION TOLD

Bombay THE TIMES OF INDIA in English 22 Jan 81 p 6

[Text] New Delhi, January 21: The agreed minutes of the working group on irrigation of the Indo-Soviet joint commission were signed between India and the Soviet Union here today. The protocol was signed from the Soviet side by Mr Vladimir Medvedev, president of V O Selkhozpromexport, under the USSR state committee for foreign economic relations, and from the Indian side by Mrs R. M. Shroff, joint secretary in the ministry of Irrigation of the government of India.

The programme envisages setting up a plant for the construction of pre-fabricated structures of canal and canal lining, application of directional blasting system in the construction of high dams, big canals, physical model testing for hydraulic structures, and research on acquatic weed control by biological and chemical means.

After the signing of the protocol, Mrs Shroff said that the protocol was significant as it was the first one signed on concrete working programme in the field of irrigation. She said the Soviet side will carry out feasibility studies and indicate alternative locations and submit proposals.

Mr Vladimir Medvedev said in an interview to SOVIET LAND earlier that Gujarat had vast scope for such pre-fabricated structure plant for canal lining, the technique which controls seepage and reduces the operation cost. He said that once the feasibility study report is accepted, Soviet experts would come to India and start working on experimental dams.

CSO: 4220

## FARMERS PRESS DEMONSTRATIONS FOR HIGHER PRICES

Kuala Lumpur BUSINESS TIMES in English 6 Jan 81 p 6

[Article by Granville Watts in New Delhi]

[Text]

FRESH violence in India's southern state of Tamil Nadu is the latest flashpoint in spreading farmers' unrest for higher crop prices which is troubling Prime Minister Indira Gandhi's government.

Eight people were killed in clashes between farmers and police and more than 6,000 farmers have been arrested in Tamil Nadu since the agitation began there on Dec. 23.

The trouble in the south follows massive demonstration by farmers in the western state of Maharashtra last month in which 10,000 farmers and several opposition leaders where arrested.

The farmers, who were later released, had underlined their grievances with a 385 km- (236-mile) long march across the state demanding higher support prices for sugar cane and other crops.

The farmers' movement has also spread to the northern state of Uttar Pradesh, one of the biggest sugar-growing states, where the state government has already increased the price paid for sugar cane from 18 rupees (about US$2) to 23 rupees (about US$3) per 100 kilos and also want more for their onion, cotton and rice crops.

While Mrs Gandhi's government has agreed that some crop price increases are justified, it feels that to meet all the farmers' demands would only fuel inflation already hitting the country.

Maharashtra farmer leader Mr Sharad Joshi, who claims no political affiliations, claims that successive Indian governments have kept farmer hovevering around the poverty line so that the country's industry could be developed.

Foodgrain output is officially expected to reach a record 128 million tonnes in the current agriculture year ending next June. But Mr Joshi says little of the benefit finds its way back to the farmers.

Mr Joshi maintains that crop price rises have not kept pace with increased electricity costs for irrigation water pumps and other farm expenses.

"A farmer sells his produce cheaply and buys his needs at fancy prices," he told reporters.

The trouble in Tamil Nadu was sparked by farmers who refused to pay arrears in their electricity bills and had their power supplies disconnected.

Their leader, Mr Narayanaswamy Naidu, also pressed for an increase in procurement prices of up to 150 rupees (US$19) per 100 kilos for padi.

Tamil Nadu Chief Minister Mr M.G. Ramachandran had earlier raised the price for padi from the 105 rupees (US$13) per 100 kilos recommended by the central government to 115 rupees (about US$14).

The farmers seem determined to gain their ends by every available means, including violence.

In Tamil Nadu they put salt into milk cans, burnt buses and trucks carrying farm produce to the cities, destroyed bridges and attacked police parties.

The *Indian Express* newspaper said in an editorial that while it was distressing that the farmers' movement there had turned violent, "the Tamil Nadu government will do well to make another attempt to evolve a peaceful settlement of the agrarian unrest."

The Express added: "The voice of the country's primary producers of food needs to be hea[illegible] with respect and such urban bias as [illegible]re is in development policies and [illegible] administrative culture has to be corrected."

The Express suggested that much of the present trouble in rural India could have been avoided if care had been taken to see that the smaller farmers benefited more from the development process.

Mrs Gandhi has criticised the Opposition for taking up the farmers' cause and allegedly encouraging agitation.

Mr Shard Pawar, former Chief Minister of Maharashtra, joined in the long march in the west with a number of other opposition figures like former Industries Minister Mr George Fernandes and the farmers' cause has been adopted as a major opposition rallying issue.

Mr Devi Lal, a leader of the Lok Dal (People's Party), has announced that tens of thousands of farmers who support his party will stage sit-down demonstrations throughout India on Jan. 17.

He told reporters the demonstrators would hand in demands for higher crop prices to local magistrates in most districts. - Reuter.

CSO: 4220

## YEAR'S RICE PROCUREMENT HIGHER THAN EXPECTED

Calcutta THE STATESMAN in English 24 Jan 81 p 7

[Text] New Delhi, Jan. 23.--More than 4.2 million tons of rice have been procured this year by procurement agencies, it was claimed here today. This is 55% more than what was procured in the corresponding period last year.

As expected, the highest procurement continues to be from Punjab. The State has procured more than 2.4 million tons against its procurement of more than 20.2 million tons last year. Haryana's procurement so far totals over 597,000 tons against 395,000 tons last year. Procurement in Andhra Pradesh has totalled 208,000 tons against last year's total of 113,000 tons. Bihar has procured 22,433 tons. Orissa has procured over 74,000 tons more than last year when its total was only 4,451 tons. Similarly, Maharashtra, which had procured 273 tons last year, is well-placed with over 23,000 tons this year.

Madhya Pradesh's procurement has totalled over 200,000 tons against about 40,000 tons last year. Procurement in Tamil Nadu is higher by about 12,000 tons and in West Bengal by 33,000 tons.

Uttar Pradesh's contribution to the pool this year has already been 430,000 tons. Last year the procurement totalled only 30,000 tons.

Although official Press notes compare this year's procurement with last year's, irrelevant, since the country went through a severe drought in 1979-80 and the produce was considerably less. [as published]

CSO: 4220

RASHTRIYA DIRECTOR: FERTILIZER PROJECT STILL ON

Madras THE HINDU in English 28 Jan 81 p 6

[Text] Bangalore, Jan. 27.

Though the World bank has withdrawn the 250-million dollar aid to the Thal fertilizer project, the Rashtriya Chemicals and Fertilizers (RCF) is determined to go ahead with the project.

The construction and erection works at Thal village in Coloba in Maharashtra are under way.

The chairman and managing director of RCF Mr. Duleep Singh, defending the Centre's action in switching the technical consultants from the American-based C. F. Braun Ltd. to the Danish firm, Haldor Topsoe, said the Danish firm was 'pre-qualified' as it was actively involved in designing the ammonia plant in the Trombay-V expansion project.

Allaying apprehensions he said the Thal project would be 'one of the biggest and superb plants in the world employing the most advanced technology' in the field.

Production Capacity: Scheduled to be commissioned by 1984 it would have a total production capacity of 2700 million tonnes of ammonia and 4500 million tonnes of urea per day.

The present estimated cost is Rs. 930 crores against Rs. 511.34 crores according to estimates made in 1978.

Mr. Duleep Singh said the Government was trying to raise the required funds from several countries including Japan, France and West Germany. The foreign exchange component would be Rs. 380 crores, out of which Britain's outright grant would be Rs. 52 crores in the form of equipment and instrumentation for the Rs. 80 crore steam generation plant. The remaining amount would have to be paid back in the Indian currency.

The zero date for the project, was Jan. 15, 1981 and the project was expected to go on steam within 45 months from this date.

According to Mr. N. V. Mulik, chief executive officer, 37 months have been set apart for the erection of machines and six months for the trial running of the plant.

When commissioned the project would be using three million cubic metres of gas per day from the Bombay High. The gas would be conveyed through a 12 km.-long pipe line from Uran to Thal.

Infrastructural facilities: The required infrastructural facilities are being developed at Thal. The construction works on steam generation plant, coal and ash handling, water treatment plants and warehouse are already underway. About 830 acres of land acquired have been levelled costing Rs. two crores.

According to the Chief Engineer (Civil), Mr. A. I. Desai, the steam generation plant would be ready by the middle of 1982, and the first boiler would be erected in the middle of March this year.

Mr. Duleep Singh said that one person from each of 360 families whose lands have been acquired, would be provided with jobs in the new fertilizer complex.

The Konkan Railway, whose construction work is under way, near the project, will transport the fertilizer from Thal complex. A 35-km. long broad gauge line would be laid from Apta to Thal, whose cost would be fully borne by RCF.

The pipe line to carry 20 million gallons of water has been laid from river Kundalika.

Mr. Desai said captive generation plants would provide the required power.

Import of components: According to Mr. Desai about 60 to 70 per cent indigenous equipment will be used and only crucial and critical components imported.

The Chief Executive Officer, Mr. Mulik said about 5,000 trees would be raised all along the wall and on the sides of roads to maintain ecological balance.

The RCF has set up an air monitoring device atop the hillock overlooking the project site, near the Temple of Datta. The air is being monitored round the clock and data processed and preserved.

Mr. Duleep Singh said it was done to assess how much air would be polluted after the project went into production.

The Thal project based on the latest technology would be one of the cleanest plants, contributing minimal to the pollution of air and water.

On measures for treating the effluent which would be discharged into the sea, he said the treated effluent would first be discharged into a -day capacity tank for maintaining proper controlled conditions. The treated water would not be toxic but would be bad for the marine life.

Field trials were being done in Bombay for making use of the discharged water for irrigation as it had the vital nitrogen content in it, he said.

The associated gas reserves at Bombay High would last only 20 years and the Thal fertilizer complex would pay back its investment cost within the first 10 years of its commissioning. The entire project was designed to last over 20 years only, he said.

Indian engineers would be fully involved in designing the project as the consultants Haldor Topsoe had agreed to transfer the technology according to the provisions of the contract, Mr. Desai said.

Mr. N. H. Dani, Resident Engineer, Fertilizers (planning and development) India Ltd., said FIL's engineers would be fully involved in the designing of the plant from its inception.

Mr. Mulik said the total manpower required would be 1525.

The Bombay-V expansion project for producing 900 tonnes of ammonia and 1,000 tonnes of urea per day, using the Bombay High Gas, is almost nearing completion. It is likely to go on trial production by the middle of this year.

RCF, a public sector undertaking, has so far spent about Rs. nine crores for pollution control.

A visit round the 20 operating plants inside the factory, showed that the emission of the sulphur di-oxide was not intolerable.

It was claimed that RCF's emission was only 7.5 tonnes a day against 270 tonnes contributed by other industries in greater Bombay.

CSO: 4220

## MAHARASHTRA FARMERS' LEADER EXPLAINS AIMS

Bombay THE TIMES OF INDIA in English 23 Jan 81 p 20

[Text] New Delhi, January 22 (PTI).

The single point programme of Maharashtra's shetkari sanghatana is for "securing remunerative prices for the agricultural produce" which had been kept low by the successive governments even as prices of industrial products have risen manifold, according to Mr. Sharad Joshi, sanghatana leader.

Mr. Joshi, who was in charge of agricltural department of the government once, and spearheaded the onion agitation in Nasik recently, said that since the beginning of the industrial revolution, workers as well as agricultural raw materials had been exploited both under the capitalist and the socialist systems.

While much had been said and done about the exploitation of labour, the raw materials continued to be exploited. Under the pretext of utilising surplus in agricultural sector for industrial development, the surplus was taken away from the agriculturists to the "towns" where it resulted in the development of industry, not proportionate to the Indian context, said Mr. Joshi in a statement to pressmen here.

Mr. Joshi said the colonial policy of procuring raw materials at the cheapest possible prices while selling the manufactured articles at the highest possible prices continued to be in vigour today.

Since independence, due to shortages, foodgrains were procured compulsorily under the system of "levy" from the farmers at prices which were generally half the prevailing market price.

Mr. Joshi said that since 1977, some of the agricultural commodities were being produced in abundance with the result that the prices had declined. The government, which was anxious to procure foodgrains from farmers during shortages, was now extremely reluctant to come to their help at least to cover cost of production.

Whenever the farmers had tried to secure better prices by exporting their produce, Mr. Joshi said, government had imposed "arbitrary" export bans resulting in the export markets being shattered as in the case of onions.

And, whenever the farmers attempted to start processing units, as in the case of sugar, the government had imposed "arbitrary restrictions" so that the farmers continued not to get reasonable prices for their produce, he said.

Fears that consumers would have to pay higher prices as a result of remunerative prices for agricultural products were not correct, Mr. Joshi contended.

"There is a wide gap between prices received by the farmers and the retail prices paid by consumers. For example, if the farmers receive Rs. 200 crores for the onions, the consumers pay Rs. 800 crores. In fact, if the farmers obtain remunerative prices, their purchasing power would increase, and the whole of India would constitute a potentially vast market for the products of Indian industries.

Mr. Joshi also dismissed the allegation that the shetkari sanghatana was only fighting for rich farmers and remunerative prices for cash crops like onions, sugarcane and cotton. The choice of these products was only for the initial strategy of agitation in Maharashtra.

Mr. Joshi expressed his determination to start shortly the agitation for securing fair prices for milk, rice and other foodgrains.

Describing the landless and the farm labourers as the "poorest class" in the country, Mr. Joshi said agriculture had become a non-paying activity. The wages paid to them were less than subsistence wages. If the farm produce received better prices, the rates of daily wages for the farm labourers would tend to rise and, in the long run, if the surplus in the agriculture gave rise to capital accumulation in the rural areas, new industries relevant to the country would come up providing employment to the rural unemployed.

CSO: 4220

PROGRAM TO PROMOTE RURAL COTTAGE INDUSTRIES PLANNED

Bombay THE TIMES OF INDIA in English 23 Jan 81 p 20

[Text] New Delhi, January 22: About two million people are proposed to be provided with gainful employment in the non-agricultural sector in the rural areas during the current plan period.

A massive programme to promote rural cottage industries to achieve this objective was drawn up at the two-day conference of state industries ministers and chairmen of khadi and village industries boards, which ended here yesterday.

The programme envisages helping 200 jobless people in each of the 5,000 blocks each year to set up cottage industry units. The khadi and village industries commission (KVIC) and state KVI boards will provide technical assistance, including training.

Raw Materials

The financial needs of each person will be met by the Union government through a bank loan and a 33 per cent subsidy.

Initially, the KVIC will arrange for the supply of raw materials to these small units by setting up "raw materials banks." Later, state KVIC boards will take up the job.

The conference recommended that the KVIC and the state boards should help in providing marketing channels for the products of cottage industries. Besides setting up separate marketing organisations for the purpose, the private sector may also be associated in the sale of these products.

According to the latest official estimates, 20.5 million people in the rural areas are unemployed. Their number is likely to go up by another 30 million in the next five years. There are some eight million rural artisans without jobs now.

A survey is in progress in the states to identify families which will be provided assistance under the programme. Some of the states, including Punjab and Andhra Pradesh, have already completed the survey.

CSO: 4220

'MISERABLE' CONDITION OF BENGAL TRIBALS TOLD

Calcutta THE STATESMAN in English 21 Jan 81 p 3

[Text]

KRISHNAGAR, Jan. 20.—About 300 people, belonging to the Malpahariya tribe at Udamdanga in the Nakashipara block, are facing starvation. The men have no work. Bread, supplied to children and expectant mothers under a special nutrition programme for six days a week, is the only food available, besides roots and leaves. Women and children share the bread with their families.

The men have been unemployed for several months now. Hunting used to be their main occupation but that had to be abandoned because the Bethuadahri Forest, six miles from Udamdanga, was converted into a deer park. Some of them went to Burdwan during harvesting in search of work, but returned disappointed because of a tussle over the fixation of rates.

Ananta Sardar, an old headman of the village, said most families had to skip their principal meals. Sometimes, women and children were beaten up by villagers for gleaning crop-ends in fields. "Nobody cares for us", was his comment.

Malpahariyas constitute nearly 4% of the 32,000 tribals in Nadia district. They were brought here by British indigo planters from Chhotonagpur and Rajmahal. When the planters left, they were given agricultural land of which they were gradually dispossessed by moneylenders. They changed over to palanquin-bearing and then to hunting and now they are left with no occupation.

Over generations, the Malpahariyas have forgotten their native dialect but some traditional ways still persist. They worship Basumati and Mahadeo. Garbhu Puja is their main festival. They pierce bodies with hot nails and beat drums to cure fever.

The condition of all the other tribes in Nadia-Oraon, Santhal, Munda and Bhumij—is also miserable. Measures taken by the tribal development authorities are inadequate. While some political parties are trying to get them involved in agitations no constructive effort for their development has yet been made.

CSO: 4220

## RESURGENCE OF KASHMIR YOUTH FEDERATION REPORTED

New Delhi PATRIOT in English 21 Jan 81 p 4

[Text] Srinagar, Jan. 20.

The Youth Federation, led by Dr Farooq Abdullah, MP who is indicated as the choice of Chief Minister Sheikh Abdullah for the latter's succession, has emerged on the changing political scene of the State with a forceful demand for revocation of all Central laws applied to Jammu and Kashmir between 1953 and 1974 when the Sheikh was out of power.

A series of resolutions presently being adopted at the organisational and public meetings of the federation, the youth wing of the ruling National Conference, at different places in the Kashmir Valley, have also revised the demand for restoration of 1953 level of Centre-State relations. This also implies redesignation of nomenclatures of the offices of Governor and Chief Minister of this State as Sadri Riyasat (head of the State) and Prime Minister as they were known 27 years ago when the Sheikh was ousted from power.

The Youth Federation which till now had been dormant activated itself in a big way after the Sheikh's recent announcement that he had decided to step down from the Presidentship of the National Conference and was contemplating to relinquish his administrative office also after his present tenure or even earlier. The Sheikh has expressed his desire to settle the question of his succession in his life time and emphasised that he would like "younger elements" to come forward and provide the future leadership of the State.

This is seen as the Shiekh's indication of choice for his son Dr Farooq Abdullah as his successor. The other leading contender for succession, the Sheikh's son-in law G M Shah, Minister for Works aged over 60 does not fall in this category of "younger elements."

The Youth Federation has been holding party conventions and public meetings at various places in the valley which are being addressed by Farooq Abdullah. This phenomenon is an indication of the new order that is emerging with in the ruling party. [as published]

The federation appears to be making internal autonomy issue as the main plank of its political strategy. It is evidently seeking to build up a hawkish image in this connection. That much is clear in its demand for revocation of Central laws and restoration of 1953 level of Centre-State relations.

In the ticklish question of confrontation between National Conference and the Congress-I, Dr Farooq's stand is that this was the creation of State Congress-I leaders who were seeking to grab power while Prime Minister Indira Gandhi was opposed to destabilise the Sheikh Government.

Dr Farooq has taken a different stand on the forced ouster of Mirza Afzal Beg from the National Conference in 1978 also.

Referring to this issue in his public speeches, he expressed his regret over this "unpleasant development" which, he felt, should not have taken place.

This stand is quite opposite of the hardline taken by G M Shah who is known to have played a key role in ousting Beg. Dr Farooq has been claiming that he had tried his best to avert Beg's exit at that time.

Meanwhile, factional rivalry between these two groups in the ruling party has thrown Srinagar municipality into utter confusion. The fight for domination of the civic body between rivals has seriously affected its functioning and immobilised the council setup. The municipality staff is on strike demanding ouster of president of the council Dharamvir Singh Oberoi.

CSO: 4220

REIGN OF TERROR REPORTED IN ADIVASI AREA

New Delhi PATRIOT in English 25 Jan 81 pp 1, 11

[Text] About 500 armed mercenaries, recruited by rich landlords and organised into a private force, have unleashed a reign of terror on Adivasi agricultural labourers in Dhulia district in Maharashtra, according to information received in the central office of the Bharatiya Grameen Mazdoor Congress, a non-party organisation of agricultural labour.

The armed men, described as "Baluch-Pathans" in the area, attacked the Adivasis in several villages in Shahada taluka of the district last week to prevent them from grazing their sheep on the village fallow land.

The private force, described by the landlords as the "crop protection force" has been organised to crush the Adivasi agricultural labourers who have won many victories in their struggle for securing higher wages and other legal rights under the leadership of the Shramik Sangathana, an organisation of Adivasi agricultural labour.

On 14 January, when the armed men attacked the Adivasis in Dharamkhed village, six miles from the Shahada, a sub-divisional headquarters, the Adivasis resisted the attack. The landlords summoned the police who lobbed teargas shells and opened fire, injuring five Adivasis seriously. One police constable was also injured.

An attempt was made to distort facts and cover the police-landlord collusion by propagating that the Adivasis had looted and burnt some houses.

That these reports were fabricated was exposed when Maharashtra Minister Swaroop Singh Naik rushed to the spot on 16 January and after thorough investigation announced that no burning or looting had taken place.

The landlords have begun to indulge in provocative acts by asking the Adivasis to show "permission licences" before taking their animals for grazing on the village land, according to latest reports received from the area. Adivasi children, who accompany these animals, are threatened at knife point.

Physical violence, molestation of women and intimidation has become the order of the day in Shahada taluka after the landlords hired these 500 "Baluch-Pathans" from Rajasthan. During the last two months, several Bhils were beaten up by them. In an attempt to terrorise the Adivasis, a group descended on Chirud village and gheraoed it all night.

The Shramik Sangathan has become a target of landlords' wrath because it is engaged in organising the Adivasi agricultural labour. Since 1972, when Bhils began to agitate for various demands against the "maldars" (the landlords), these agricultural labourers have succeeded in getting wage increases. As against 6 to 8 annas per day, they now receive rupees 4 to 5.

The Adivasis also succeeded in taking back thousands of acres of land, occupied forcibly by money-lenders and rich landlords.

The first attempt to organise a landlords' private army was made in 1974 by a leader of "maldars" and chairman of a sugar factory near Shahada. He came up with an elaborate scheme of building a paramilitary organisation of retired army officers and proposed that every poor middle peasant and big landlord must pay Rs six per acre so that a fund of Rs 24 lakhs can be collected to maintain this force.

He also proposed that this army should have a complete hierarchy ranging from general to seargant and planned to equip them with rifles, jeeps, pistols and other arms and equipment. [as published]

The Shramik Sanghatana took immediate steps to educate the people about the ominous designs behind this plan of recruiting a private army.

The Bhils rose in protest against this move and they were supported by organised labourers. The press in Maharashtra and elsewhere took serious notice of this attempt to recruit a hired private army of landlords. Opposition leaders raised the issue in the legislature. Utlimately, the plan had to be scrapped.

In 1975, during the emergency, the "maldars" hired few "watchmen" from "Baluch-Pathans" from outside the area. These "Baluchies" started harassing the labourers returning from or going to the fields. Adivasi women were molested and many innocent people were beaten up.

All these actions aroused widespread resentment and people started retailiating. Finally, "Baluchies" had to run away and the landlords felt frustrated and angry.

This time the landlords have changed their tactics and instead of deputing one or two "Baluchi watchmen" in a village, they rush big gangs of scores of armed men to one single village to intimidate the Adivasis. Tension prevails in the whole area.

CSO: 4220

SIKKIM NATIONALISTS REOPEN 1973 'MURDER' CASE

Madras THE HINDU in English 26 Jan 81 p 11

[Text] Gangtok, Jan. 25. Those who had participated in the 1973 agitation leading to Sikkim's merger with India two years later are at present living in a state of constant fear and suspense, following the reopening of a murder case by the police.

The case is popularly known here as the Phurba Maila murder case or Sang Murder Case.

The victim was a prominent leader of the now extinct pro-Chogyal National Party and father of the State's present Public Works Department Minister Mr Santen Tshering. The allegation is that Phurba was shot dead at point blank range by people who were agitating for Sikkim's merger with India.

It may be mentioned here, that the National Party was in favour of the continuation of Chogyal's rule and was openly opposed to Sikkim's merger with India. The Sikkim police, under the supervision of some officials of the Central Bureau of Investigation, had registered a murder case in 1973 itself and conducted investigations which were however closed within six months. The final report submitted by the police in court observed that though it was a fact that Phruba Maila had been murdered, "There was no chance of getting any clue" because the opportunity to commit the crime was availed of by the assailant while there was political unrest in Sikkim.

Even after the case had thus been put in cold storage, several attempts were made by the members of the family of Phurba Maila in the last eight years to get the case reopened. Mr Samten Tshering had himself sent several representations to the Prime Minister and the Union Home Minister in this regard. But so long as the Kazi Ministry was in office, all these efforts proved futile. Whenever such representations were sent by the Central Government to the State Government for comments and necessary action, the State Government always wrote back to the Centre saying that since a final report in the matter had already been submitted, reopening of the case was not likely to serve any "useful purpose."

The ball was finally set rolling only when the pro Chogyal Sikkim Parishad several of whose important leaders had in the past openly expressed their reservations about Sikkim's merger with India but had been making extra efforts to wipe out this image, came to power following the Assembly elections in October 1979.

According to the Superintendent of Police Mr Madan Chettri, two younger brothers of Minister Santen Tshering sent a representation to the Chief Minister Mr Narabahadur Bhandri, who is also holding the Home Portfolio, in August last year. Acting on this representation, the Government directed the Police to reinvestigate the case, Mr Chettri denied all suggestions that the reopening of the case was politically motivated. "We have reopened the case because the Government asked us to do so. As to why the Government has taken this decision, you ask the Government," Mr Chettri told a press conference convened by him to announce the progress in the case.

Mr Chettri said three persons had been arrested in the case. Those arrested include Ashok Subba, a close supporter of the former Chief Minister Mr Kazi. It is interesting to note Mr Bhandari and Subba are in rival camps at present.

Mr Chettri said after his arrest, Subba complained of heart ailment and pain all over the body and was admitted in hospital.

Mr Chettri said besides these three, two or three other persons were being interrogated by the police, Mr Chettri claimed that the police was in possession of some "positive" evidence. But he refused to hazard any guess as to when the police would be able to submit a charge sheet.

Contacted for his comments, the Home Secretary, Mr Densapa, who held the most important bureaucratic assignment during the Chogyal's regime and was put in cold storage during the Kazi's regime, only to be restored to his original position by the present Parishad Government, admitted that the police had reopened the case following a Government order. Asked why the State Government had now changed its decision after consistently maintaining for the last eight years that reopening of case would serve no useful purpose, Mr Densapa said the present Government was not bound by the decision of the previous government. Mr Densapa also denied that the reopening of the case was politically motivated.

Meantime, Ram Chandra Poudyal President of the Sikkim Congress(R), the largest Opposition Party in the State Assembly, has described the arrests in the Phurba Maila murder case as "a glowing example of the Sikkim Parishad being anti-merger and anti-democratic."

In a statement made in New Delhi, Mr Poudyal, said that by arresting political leaders who had participated in the revolutionary activities of 1973 to democratise Sikkim, the Parishad Government wanted to suppress democratic forces in the State.

CSO: 4220

## EDITORIAL SEES CONTINUING DANGER IN MANIPUR TERRORIST THREAT

Bombay THE TIMES OF INDIA in English 21 Jan 81 p 8

[Editorial: "Continuing Danger"]

[Text] The two recent and serious encounters between terrorists and security personnel in Manipur underline the continuing danger posed by insurrectionists to law and order there. In one of the clashes barely 15 km from Imphal, three jawans of the Central Reserve Police were killed. The two ambushes have come as a grim warning that there is no room for complacency, even though the army has made notable headway in flushing out insurgents in the last four months. Scores of hostiles of the "People's Revolutionary Party of Kangleipak" (PREPAK) and the so-called People's Liberation Army have been killed or arrested in army combing-out operations since September. The underground rebels are no longer holding the state capital to ransom. For the first time in nine months, night curfew has been lifted from Imphal. Banks, which used to open for only two or three hours, and that too on only two days in the week at the height of the insurgency prior to the army crackdown, have resumed normal functioning, though under strong security guard. Peace has returned to most schools, colleges and bazaars which were hitherto completely at the mercy of the marauding extremists.

While all this is heartening, it would clearly be premature to assume that the back of the insurgency has been broken, as the army command has claimed. On the face of it, army operations have greatly weakened PREPAK, but the hard core of the PLA seems to be intact. Last month, army sources said that the PLA leader, Mr Bishweshwar Singh, may have been seriously wounded in an encounter and that he would be apprehended before long. But he is still at large. Persistent, unofficial reports also suggest that the PLA's links with the Kachin secessionists in north Burma are as strong as ever. Apparently, many PLA activists have managed to cross the international border taking with them substantial quantities of arms and ammunition since the army's drive against them.

Perhaps roving bands of the PLA will no longer find it as easy to attack key installations in Manipur as they used to with impunity and so frequently until not too long ago. But the latest incidents have amply demonstrated their capacity to harass the security forces through ambushes. They will also try to make full use of their sanctuaries in Burma in their bid to frustrate the administration's efforts to restore enduring peace and normalcy in Manipur. There is, in fact, increasing evidence that they will seek to act in concert with the rebels in Tripura, Mizoram and Nagaland who have broken away from their parent organisations and have resisted peaceful negotiations with the government. As the army keeps up its pressure against the extremists, as it must, the new ministry in Imphal ought to make the most of the improvement in law and order by providing a clean and efficient administration.

CSO: 4220

WRITER DESCRIBES 'FOREIGNERS' ISSUE IN NORTHEAST

Madras THE HINDU in English 28 Jan 81 p 8

[Text] Imphal.

There is no gainsaying the fact that the first salvo in the anti-foreigners' agitation in the North-Eastern region was fired in Mizoram when the Mizo rebels served a "quit notice" on all non-Mizos in the early 70's.

Several non-Mizos were also shot dead to drive the message home.

This movement was ephemeral, lacked regional support and eventually become a non-issue for the simple reason that the unprincipled slogan with no logic, constitutionality and socio-economic relevance was not put in the proper perpective. [as published]

It was childish to demand that all non-Mizos, irrespective of their domicile and administrative and technical indispensability, leave Mizoram. The reign of terror let loose among the non-Mizos notwithstanding the movement petered out in a whimper.

However, the cry against the exploitation of the original settlers by foreigners left an indelible impression on the minds of Assamese, especially the students, who fight a losing battle against the immigrants for the available jobs. People of this region are rather slow as Nature has always been kind to them. But when the availability of agricultural products decreased as a result of the increasing population on the one hand and industrialisation of Assam to some extent on the other, the need for disciplined and hard-working cheap labour was felt. The floodgates were opened and Bengali immigrants, both Muslim and Hindu, were encouraged to settle in Assam and its neighbouring States.

The influx of immigrants which began in a trickle soon became a deluge in view of the prevailing socio-economic conditions in the erstwhile East Pakistan. Soon the Assamese realised that they were being swamped and their cultural identity obliterated.

Their worst fears came true, as it were, in Tripura where the Bengali settlers are at the helm of affairs. Out of an 18 lakh population, the original settlers constitute only 30 per cent and are economically backward. The Tripuris, who have thus become strangers in their own State, are today struggling to preserve their

cultural identity. The leaders of the Tripuris are dubbed "extremists" by the Bengali settlers and are dealt with by the Government accordingly.

The Assamese fear that if something is not done to check the influx of foreigners the day is not far off when, like the Tripuris, they will be struggling for survival and cultural identity in their own State.

The relations between the Bengali immigrants and the Assamese are characterised by mutual mistrust and recriminations. There have been numerous mini-riots and clashes between the two communities, obviously engineered by anti-social elements and politicians, who have their private axes to grind. Despite the striking similarity of languages and a common script (with the exception of only one letter and different pronunciation of another) each community meticulously avoids reading books and newspapers of the other. In school and college hostels, it is common practice for the Bengalis and the Assamese to converse in their own languages and yet understand each other perfectly.

The Central leaders feel that there is a "foreign hand" behind the present agitation while the Bengalis say that the politicians are instigating the students. There were even reports to the effect that underground documents seized by police established the fact that foreign powers were behind the movement.

The foreigners' agitation in Assam has had its infectious effect on Manipur, Meghalaya and Tripura. The tempermentally more violent Khasis of Meghalaya killed Bengalis in several places, apart from normal agitational measures like bundhs and demonstrations.

Once an Assamese agitator had rightly said that Assam was the launching pad of the foreigners movement and that the neighbouring States had only "shadow agitations". When the Assam students called off the agitation to create a congenial atmosphere for negotiations with the Central leaders, the Manipur students unilaterally followed suit. In the beginning, the Assamese representatives used to come to Imphal to supervise agitations. But when the developments in Assam became more complicated the Assamese leaders made it known that they had no time for Manipur.

The Manipuri students under the banner of the All Manipur Students' Coordinating Committee (AMSCOC) hit the headlines with their successful closure of all administrative offices and educational institutions. As their agitation continued, several important examinations had to be put off. At least two students were shot dead and several student leaders taken into custody. The State Government became quite helpless in the hands of the students.

The reason why the foreigners' agitation in Manipur rattled the establishment is not far to seek. It is very difficult to draw a line of demarcation between the students and the insurgents. The Ministers and the officials who naturally assume that the students may be insurgents cannot but abide by the terms of the agitationists.

However in due course the burgeoning insurgency in Manipur completely eclipsed the foreigners issue. The bundhs and demonstrations demanding deportation of foreigners failed to cause any sensation and the movement slowly but steadily became a non-issue. Besides, the students who have wasted one full academic year,

became increasingly concerned over their future. Mr. R. K. Dorendra Singh, the then Chief Minister, faced with the increasing lawlessness, could ill-afford to waste time on the vexing foreigners issue.

In order to buy time, Mr. Dorendra Singh announced that the detection of foreigners in Manipur would begin with 1951 as the base year. The students, who little realised that they had been taken for a ride, supervised the detection all over the State. According to reports from all District Commissioners over 5,000 foreigners were detected within a month. Many of these foreigners of Nepal and Bhutan origin readily agreed to leave Manipur in view of their uncertain future, as tension mounted in this region.

Despite repeated wireless messages from the District Commissioners the State Government could not spell out any stringent measures to deal with those foreigners who refused to leave Manipur. Evidently the Manipur Government had no authority to deport the foreigners without an all-India yardstick. Although the agitation leaders of Assam welcomed the steps taken by Mr. Dorendra Singh, he had a difficult time explaining the steps to the Prime Minister and the Union Home Minister.

A mistaken notion is that only Nepalis and Bengalis are regarded as foreigners in Manipur. Some foreigners like several tribals from Burma and the Chittagong hill tracts and Bengali Muslims have been kept out of the shooting range. For ages the tribals from these areas have been trekking into the hill areas of Manipur while the Bengali Muslims were encouraged to settle in the Jiribam area by Muslim politicians with an eye on the number of votes these immigrants will be giving them.

The students of Manipur who have now realised that their aim has not been achieved, are demanding an early solution of the foreigners problem. The office bearers of the AMSU and the AMSCOC can no longer exercise their muscle power in view of the dwindling public support and have adopted peaceful means of protest like bundhs. However gradually the foreigners issue has, as in Assam, become a non-issue in Manipur. Arrest, strike and imprisonment of the student leaders are no longer news here.

CSO: 4220

MORE INFORMATION OF CENSUS-TAKING PLANS GIVEN

Bombay THE TIMES OF INDIA in English 22 Jan 81 p 6

[Text] New Delhi, January 21: People who live on pavements will not be left out in the country-wide head count that begins on February 9 and will last until March 9. The census of the homeless will be taken on the night of February 28.

The preliminary findings of the census will be available by the end of March. It will include data to determine the "working characteristics" of the people. Among the queries to be put by the enumerators, mostly teachers, is one relating to the "secondary work" of the employed or to the activities of an individual if jobless.

As in the past, no questions will be asked on caste except where one belongs to the scheduled caste. Information will be collected on sex, age, marital status, mother tongue, other languages known, religion and literacy.

In the case of students, a question will relate to their level of education.

As many as 1.25 million enumerators and supervisors and other officials have been trained for the operation.

Enumerators will visit every household and fill up a slip for every individual. There is also a separate household schedule.

The government has reminded the people that census is a work of major national importance for the success of which they should give all the required information.

CSO: 4220

## COMMUNAL BIAS TO BE REMOVED FROM TEXTBOOKS

New Delhi PATRIOT in English 23 Jan 81 p 9

[Text]

HISTORY and language textbooks are to be thoroughly scrutinised before the commencement of the academic year 1982-83 to remove any communal bias, reports UNI.

This was among the major decisions taken at a meeting of the Inte-Ministry Officers Committee on Publicity, Education and Employment on Thursday as part of an action plan to inculcate secular consciousness among the people, particularly the youth.

It was decided that the publicity wing of the Government and mass media should encourage people to identify themselves with healthy secular thought and ideas through a proper orientation of their programmes.

The department of banking will issue instructions for speedy rehabilitation of victims of communal violence by granting them liberal loans on easy terms.

The Labour Ministry has been asked to ensure that employment exchanges sponsored adequate number of candidates belonging to the minority communities for employment.

Union Home Secretary S M H Burney presided over the committee meeting which was attended by Secretary of the Department of Economic Affairs R N Malhotra, Additional Secretary for Labour R K A Subrahmanya, Joint Secretary from the Department of Education S Satyam, Joint Secretary from the Ministry of Information and Broadcasting S L Kapur and Joint Secretary from the Department of Personnel and Administration K C Sharma.

It was emphasised that there should be close coordination between various agencies responsible for maintenance of law and order — police, magistracy and publicity organisation. Effective liaison should also be maintained with responsible public opinion and the press to prevent false or exaggerated rumours getting currency.

The committee was informed that new programmes had already been undertaken in this regard and special programmes were being broadcast from AIR and Doordarshan.

It was suggested that suitable programmes should also be organised for the "sensitive areas" and to protect women, children and the weaker sections.

It was decided to organise mobile exhibition to propagate the ideal of secularism and promote communal and regional amity.

With a view to educating public opinion, it was decided to undertake audience research.

Extra-curricular activities should be organised in educational institutions so that communal unity was fostered among the younger generation.

CSO: 4220

## BRIEFS

AKALI DAL SPLIT--Chandigarh, January 20 (UNI): The split in the legislature Akali party was today formalised as the Talwandi faction elected Dr Bhagat Singh as leader of its four-member assembly group. This is a sequel to the split of the Akali organisation, one headed by Sant Harchand Singh Longowal and the other by Mr Jagdey Eingh Talwandi some time ago. The other members of the group are the former minister, Mr Satwant Kaur, Mr Harcharan Singh and Mr Prem Singh Lalpura. Giving this information after an executive committee meeting of the Akali Dal (T), a party spokesman said the Akali Dal (T) would not take part in the proposed gherao of the state assembly by the five-party opposition front tomorrow. The meeting was presided over by the Dal president, Mr J. S. Talwandi. [Text] [Bombay THE TIMES OF INDIA in English 21 Jan 81 p 9]

BISHNURAM MEDHI DIES--Gauhati, January 21 (PTI)--Mr Bishnuram Medhi, a former chief minister of Assam and a former governor of Madras, died here this afternoon after a protracted illness. He was 90. A large number of people from all walks of life visited the residence of Mr Medhi here to pay homage. The funeral will take place tomorrow. The Assam cabinet at an emergency meeting today mourned Mr Medhi and placed on record his services to the state. In a resolution, the cabinet paid glowing tributes to his outstanding qualities as a freedom fighter and political leader. The Assam government announced a three-day state mourning from today as a mark of respect to Mr Medhi. The government also declared a public holiday throughout the state for tomorrow. A state funeral will be given to him. [Excerpt] [Bombay THE TIMES OF INDIA in English 22 Jan 81 p 9]

JAMMU, KASHMIR SPY CASE--Srinagar, January 21 (PTI)--Four persons, including a Jammu and Kashmir government employee, have been arrested for allegedly having links with the field intelligence unit (FIU) of Pakistan based in occupied Kashmir, reliable sources said. The sources said one of the four was arrested while trying to clandestinely cross the line of actual control. Information provided by him led to the arrest of the three others. [Text] [Bombay THE TIMES OF INDIA in English 22 Jan 81 p 9]

UNIVERSITY VICE CHANCELLOR--Bangalore, Jan 24--Dr M. N. Viswanathiah, Professor and Head of the Department of Geology in the Mysore University, has been appointed Vice Chancellor of the Bangalore University. The present incumbent, Mr T. R. Jayaraman's tenure of office ends on January 27. He took his Ph.D. from London University in 1959. He was recipient of the Kiev University silver jubilee gold medal in the USSR in 1969. He has a number of publications to his credit. [Text] [Madras THE HINDU in English 25 Jan 81 p 12]

ASSAM POWER LINES--The Planning Commission has approved a scheme for construction of power transmission lines of a total of 1130 kms, and transformation works in Assam, reports PTI. Estimated to cost Rs 4318 lakh, the scheme will be taken up for implementation during the Sixth Plan period (1980-85), an official release said on Saturday. The scheme is designed to provide second 220 kv single circuit transmission line between upper Assam and lower Assam, transmission and transformation facilities for evacuation of power to be generated at the Bongaigaon thermal power station, and to meet the growing load demands at various ce es. It envisages the construction of 220 kv transmission lines of 680 CKT kms, 132 kv transmission lines of 450 CKT kms and substations at Bornagar, Agia, north Lakhimpur, Lanka, Badarpur, Marghretta, Tinsukia and Chandrapur. The scheme also envisages the augmentation of the existing 132 kv substations at Bongaigaon thermal power station, Gauhati (Kahlipara), Samaguri, Mariani, Lakwa thermal power station, Dibrugarh, Tezpur and Gohpur. [Text] [New Delhi PATRIOT in English 25 Jan 81 p 4]

NORTHEAST COAL DEPOSITS--Jorhat, Jan 24 (UNI)--Deposits of coal have been found in a hillock near Nagabat in an area on the borders of Nagaland and Sibsagar district of Assam. The existence of coal was first noticed by local people who started using it. The local panchayat later reported the matter to the Government, but no action has been taken. Meanwhile, some businessmen have started removing truck loads of coal from the area. [Text] [New Delhi PATRIOT in English 25 Jan 81 p 4]

CONGRESS(U) DEFECTOR--Bangalore, January 25 (UNI)--Mr B. Basavalingappa, deputy leader of the legislature Congress (U) party in the Karnataka assembly, today resigned from the primary membership of the party. The Congress (U) president, Mr Devaraj Urs, who announced Mr Basavalingappa's resignation to newsmen here, said he had accepted the same. [Text] [Bombay THE TIMES OF INDIA in English 26 Jan 81 p 6]

CEMENT EXPORT PLANS--New Delhi, January 25--India will be in a position to export cement by 1984-85. Addressing the consultative committee of parliament attached to the ministry of Industry, the Union Industries Minister Dr Charanjit Chanana, said that the capacity utilisation in cement industry had already reached 85 percent from 65 per cent, the present installed capacity of cement plans is 25.6 million tonnes and 3 millions tonnes would be added every year. [as published] Regarding the production of public sector undertakings under the department of industrial development, the minister said that during January-October 1980, it was 27.07 per cent more than the production during the corresponding period in the previous year. The minister also asserted that most of these undertakings will be making a profit this year.--PTI. [Text] [Bombay THE TIMES OF INDIA in English 26 Jan 81 p 10]

SOVIET TITANIUM OFFER--Hyderabad, Jan. 25.--The Soviet Union has agreed to give titanium to the Government-owned Mishra Dhatu Nigam in Hyderabad, according to Mr N. Janadhana Reddi, Andhra Pradesh Minister for Major Industries. Mr Reddi said this was the result of an initiative taken by the Minister for External Affairs, Mr P. V. Narasimha Rao, who raised the issue with the Soviet Deputy

Premier, Mr Ivan Arkhipov, during the latter's recent visit to Delhi. The Minister said the Russian leader readily agreed to the request though it was not on the agenda. Titanium sponge is being imported and Mishra Dhata Nigam requires about 1,100 tonnes a year. [Text] [Madras THE HINDU in English 26 Jan 81 p 9]

UGANDAN HIGH COMMISSIONER--Kampala, January 27 (REUTER)--A Ugandan Asian, Mr Gurdial Singh, has been appointed Uganda's new high commissioner to India, it was announced yesterday. The official UGANDA TIMES said Mr Singh was a founder-member of President Milton Obote's Ugandan People's Congress (UPC), which won last month's general elections. He went into a decade of exile in India after President Obote was overthrown by dictator Idi Amin in 1971 and returned to Uganda with Dr Obote last May, a year after Amin was ousted. Mr Singh is the second Ugandan Asian to be appointed to an important ambassadorial post. Mr Shafiq Arain, minister of state in the President's office, was made high commissioner to London earlier this month. Many of Uganda's Asians, expelled by Amin in 1972, are returning at the invitation of Dr Obote who is striving to reactive the country's commerce and industry. [Text] [Bombay THE TIMES OF INDIA in English 28 Jan 81 p 7]

LOK DAL EXPULSIONS--New Delhi, January 28 (UNI)--The Lok Dal today summarily expelled from the primary membership of the party three of its senior leaders from Uttar Pradesh--the former chief minister, Mr Banarsi Das, and two MPs, Mr Chandrajit Yadav and Mr Syed Ahmed Hashmi, for their "anti-party activities." The decision was taken by the Lok Dal's central parliamentary board, at an "emergency meeting" here. The party chief, Mr Charan Singh, was on the chair. The parliamentary board also authorised the president of its UP unit, Mr Mulayam Singh Yadav, to "take action as he deems fit" against the supporters of Mr Yadav and Mr Banarsi Das in the state. [Text] Bombay THE TIMES OF INDIA in English 29 Jan 81 p 1]

RASHTRIYA UREA PROJECTS--New Delhi, January 28--Agreements for the establishment of urea plants at Thal-Vaishet and Hajira will be signed in the next two days with the Italian company, Snam Progatti. The Indian companies involved are the Rashtriya Chemicals and Fertilisers, the Krishak Bharati Cooperative and the public-sector design and consultancy organisation, the Fertiliser (P and D) India. The agreements will be signed in Kathmandu. The urea projects and technical collaboration for them had been cleared by the government early last year unlike in the case of ammonia units of Thal-Vaishet. Snam Progatti is also involved indirectly in the Thal-Vaishet ammonia project for which the government has chosen a Danish company, Haldar Tapsoe, as consultant. The Italian company has financial interests in Haldor Topsoe. The urea plants of the Thal-Vaishet project will have a capacity of 4,500 tonnes per day. The entire project is being executed by the Rashtriya Chemicals and Fertilisers with the Fertiliser (P and D) working as the Indian consultancy associate of the Italian company for the urea units. [Text] [Bombay THE TIMES OF INDIA in English 29 Jan 81 p 9]

PARLIAMENT'S BUDGET DELIBERATIONS--New Delhi, January 28 (PTI)--The budget session of parliament will begin on February 16 with the customary address by the president to the two houses and the general budget will be presented on February 28. The new railway minister, Mr Kedar Pande, will present the railway budget on February 19. General discussion on the budget will be taken up on March 3 and later the Lok Sabha will take up demands for grants of various

ministries. Three days--February 24, 25 and 26--have been allocated for discussion on the railway budget. The Lok Sabha will debate the president's address for four days from February 18. [Text] [Bombay THE TIMES OF INDIA in English 29 Jan 81 p 9]

SUPREME COURT JUDGE--New Delhi, January 28--Mr Justice Amerendra Nath Sen, former chief justice of the Calcutta high court, today assumed office as a judge of the supreme court. He was administered the oath of office by the chief justice of India, Mr Y. V. Chandrachud. All the judges of the supreme court, the attorney-general of India, Mr L. N. Sinha, the solicitor-general of India, Mr K. Parsaran, and a large number of lawyers were present at the swearing-in ceremony held in the chief justice's court. [Text] [Bombay THE TIMES OF INDIA in English 29 Jan 81 p 5]

NEW KASHMIR PARTY--New Delhi, Jan. 28.--Some followers of the former Kashmir Prime Minister, Bakshi Ghulam Mohammad, have set themselves up as a political party under the name of "old" National Conference and are in Delhi to seek the "support" of Mrs Gandhi, reports PTI. Mr Ghulam Ahmed Sufi and Ghazi Abdul Rehman, both ex-MLAs and one-time close collaborators of Bakshi Ghulam Mohammad, said yesterday that they would call on the Prime Minister during this week and apprise her of their decision. [Text] [Calcutta THE STATESMAN in English 29 Jan 81 p 7]

CPI LEADER'S STATEMENT--CPI leader Bhupesh Gupta has strongly protested against the Central Government's refusal to Kerala Chief Minister E. K. Nayanar to broadcast over the AIR Trivandrum on the eve of the first anniversary of the Left Democratic Front Government. In a statement on Thusday he said this senseless action was not only highly arbitrary and an affront to the people of Kerala, but was also disruptive of Centre-State relations. [as published] The non-Cong-I Opposition parties were already being systematically blacked out or misrepresented on the AIR and TV and now similar treatment has begun to be meted out even to the non-Cong-I State Governments he said. "This shows the partisan degradation of the official mass media" he added. [Text] [New Delhi PATRIOT in English 30 Jan 81 p 7]

TAMIL NADU POPULATION GROWTH--The birth rate in Tamil Nadu maintained a downward trend during the seventies, but the overall population growth rate remained fairly stable since the death rate fell as fast, if not quicker. The birth rate that was 30 per 1,000 population in 1970, showed down to 28 per 1,000 in 1979 while the death rate slid from 15.6 per 1,000 to 12 per 1,000. The demographic figures were revealed in sample registration surveys conducted by the State's Public Health Department. A Department spokesman explained that the more rapid fall in the death rate was due to fewer deaths through communicable diseases and to lower infant mortality rates. Infant mortality rates have come down from 117.6 per 1,000 live births to 98.3 per 1,000, and the spokesman pointed out that improved medical care had brought the rate down to 68 per 1,000 in the urban areas. Despite this appreciable reduction in the incidence of infant mortality, children below five, continue to be vulnerable. On the average, nearly one in every six babies born in the State dies before it completes five years of life. [Text] [Madras THE HINDU in English 22 Jan 81 p 9]

MENDELEVICH-GONSALVES MEETING--Top Soviet diplomat Mr Lev Mendelevich, now in the Capital, on Saturday had discussions with senior officials of the External Affairs Ministry, including Secretary (East) Eric Gonsalves. Ambassador Mendelevich, who was the chief Soviet negotiator at the Strategic Arms Limitations Talks-II (SALT-II) and is an expert on disarmament, briefed the Indian officials on the Soviet view of the situation in the Indian Ocean, disarmament, the Madrid European Security Conference and related issues, an official spokesman said. [Text] [New Delhi PATRIOT in English 25 Jan 81 p 1]

PUNJAB CONGRESS(U)--Congress-U president Devraj Urs dissolved the Punjab Pradesh Congress Committee on Saturday and nominated Mr Swaroop Singh as president of an ad hoc four-member committee. The other members of the committee are vice-presidents Charanjit Singh Bedi and Dr Mrs Sukshaam Jaaj, and Mr Shri Kumar Saini as general secretary. [Text] [New Delhi PATRIOT in English 25 Jan 81 p 1]

GANDHI ON LADAKH--New Delhi, January 19 (PTI): The Prime Minister, Mrs. Indira Gandhi, is understood to have conveyed to the Jammu and Kashmir chief minister, Sheikh Abdullah, that the problems of the Ladakh region need to be "urgently looked into." This was indicated here by a spokesman of the all-parties' action committee set up to carry on the current agitation for the economic development of the region. The Prime Minister is also understood to have replied to the Congress (U) MLA, Mr. Bhim Singh, who had in a letter to her recently demanded immediate measures for the development of the "sensitive border area" in the state. [Text] [Bombay THE TIMES OF INDIA in English 20 Jan 81 p 1]

TRADE UNION LEADER DIES--Bangalore, Jan. 20.--Mr S. Venkatram, president of the Hind Mazdoor Sabha, died here today after a brief illness, He was admitted to hospital for treatment of jaundice. He was 58 and is survived by his wife, two sons and two daughters. Essentially a trade union leader, Mr Venkatram took part in a number of labour movements. He was close to Mr George Fernandes both in the labour movement and in the Socialist Party. He joined the Janata Party when it was formed four years ago and was for some time the secretary of the Karnataka unit of the party. [Text] [Calcutta THE STATESMAN in English 21 Jan 81 p 1]

BRITISH DEPUTY COMMISSIONER--Mr Anthony Victor Hayday arrived in Calcutta on Tuesday to take up the post of British Deputy High Commissioner in Eastern India. He is accompanied by his wife. Mr Hayday served in Delhi from 1969 to 1972 as the First Secretary and Director of British Information Services in India. Before taking up the present assignment, he had been in the Commonwealth Secretariat in London since 1972 and attended the Commonwealth Heads of Government Regional Meeting in New Delhi last year. Mr Hayday is 50. [Text] [Calcutta THE STATESMAN in English 21 Jan 81 p 3]

LOAN TO MALAWI--Lilongwe, Malawi, Jan. 20. 7.5 million US dollars to improve the water supply in the capital of Lilongwe which has suffered acute shortages for several months it was reported yesterday. [as published] Hundreds of residents were forced to walk two miles each day to fetch water in buckets from boreholes and trucks carried 44 gallon drums of water from Kamuzu Dam, 32 km from the Capital. The loan, from the Industrial Development Bank of India to the Malawi Government will expand city's water works and boost output from 4.6 million gallons to 6.8 million gallons a day. [Text] [New Delhi PATRIOT in English 21 Jan 81 p 3]

CSO: 4220

# PRESIDENT SUHARTO PRESENTS NATIONAL BUDGET TO PARLIAMENT

Kuala Lumpur BUSINESS TIMES in English 6 Jan 81 pp 1, 20

[Text]

JAKARTA, Jan. 5

**PRESIDENT** Suharto introduced today a balanced budget for the 1981-82 financial year, with an increase in government spending of 31.7 per cent over this year and a pledge to keep domestic fuel prices at present levels despite oil price rises.

The fuel price pledge will mean a considerable increase in government subsidies in view of the 10 per cent world oil price rise. The government will also maintain heavy food price subsidies in the new budget, which runs until the end of March, 1982.

President Suharto, presenting the budget to Parliament, also announced wage increases for civil servants and the armed forces and increased pensions.

His budget speech placed heavy emphasis on ensuring economic and political stability, and he promised a more equitable distribution of wealth. The government faces a general election in 1982.

The 13.9 trillion rupiah ($48.93 billion) balanced budget, and increase in government spending reflected a sound economic growth over the past year of around seven per cent compared with 4.9 per cent in the 1979-80 period.

President Suharto said that foreign reserves now stood at US$7 billion ($15.4 billion), strengthening the economy to a point where less reliance on foreign aid was needed.

Government figures accompanying the budget showed aid would actually rise in money terms from 1.5 trillion rupiahs ($5.28 billion) to nearly 1.626 trillion rupiahs ($5.72 billion), but decline as a percentage to 25.4 of the total development budget.

The development budget is increased by 27.3 per cent to nearly 6.4 trillion rupiahs ($22.53 billion) from five trillion rupiahs ($17.6 billion).

One of the incentives President Suharto announced was a 40 per cent basic wage increase from Jan. 1 for the lowest level of civil servant and member of the armed forces, between 25 and 30 per cent at the middle level and 20 per cent at the top. Government pensions will rise 15 per cent.

"With this salary increase, there is no excuse for slack work or to commit unethical deeds," President Suharto said.

The ordinary people will benefit by substantial increases in the food and fuel subsidies to keep prices down.

The food subsidy will go up 82.5 per cent to 309.7 billion rupiahs ($1.09 billion) from 169.7 billion rupiahs ($597.3 billion). The fuel subsidy — reflecting the large increase in world prices — will go up 82.4 per cent to 1.51 trillion rupiahs ($5.28 billion) from 828 billion rupiahs ($2.86 billion).

Among areas marked for substantial increases in development spending are agriculture and irrigation, education and defence.

The figures also show a substantial increase in government revenues from oil production now standing at 1.6 million barrels a day and expected to rise to about 1.7 million barrels a day this year.

Revenue from oil company tax alone is scheduled to rise to nearly 8.6 trillion rupiahs ($30.28 billion) or 33.4 per cent on the current year's 6.4 trillion rupiahs ($22.52 billion).

Foreign interest and debt installments in 1981-82 were expected to amount to 935 billion rupiahs ($3.3 billion), representing a debt service ratio of only 8.1 per cent of export earnings, which President Suharto said stood at US$17.6 billion ($38.72 billion) for the current year.

"This shows that our capability to reimburse loans is far greater today than at the time before we carried out development... the foreign debt reimbursements are taken from our own earnings which have risen tremendously," the president said.

He also took pride in the fact that domestic revenues, amounting to 12.2 trillion rupiahs ($42.9 billion) will come increasingly from funds outside the oil sector.

Non-oil tax revenue will rise about 41 per cent but he gave no immediate detailed breakdown.

The president also noted that inflation for calendar year 1980 was down to 18.9 per cent from the previous year's 21.6 per cent.

One of the biggest development expenditure rises will be in defence security. This goes up about 90 per cent to 681 billion rupiahs ($1.09 billion) from 350 billion rupiahs ($560 million). It includes new barracks and hospitals for the armed forces which will also be used to extend rural health service, President Suharto said.

The biggest slice is earmarked for expanding food production. Nearly 943 billion rupiahs ($2.3 billion, is allocated for the expansion of agriculture and irrigation — up from last year's 516 billion rupiahs ($1.31 billion).

In the past calendar year, rice production reached nearly 20 million tonnes — two million tonnes above 1979 and ahead of the 1979-84 five year plan.

President Suharto said the development included expanding new rice fields from the present 60,000 hectares to 100,000 hectares, as well as expanding palm oil, sugar cane, cloves, pepper, tobacco and cotton.

Another major slice of expenditure is for education — 786 billion rupiahs ($2.73 billion) from last year's 535 billion rupiahs ($1.65 billion), to ensure among other things, 2.5 million primary school places by 1983. — Reuter

CSO: 4220

RADIO MAUBERE RESUMES OPERATION IN TIMORESE MOUNTAINS

Maputo TEMPO in Portuguese 25 Jan 81 pp 33-36

[Report of interview with Mari Alkatiri, foreign relations minister of the Democratic Republic of East Timor, By Areosa Pena]

[Text] "In celebration of the fifth anniversary of the declaration of independence of the Democratic Republic of East Timor, we managed to resume the broadcasts of Radio Maubere, which had been silent for 2 years, from a hidden location somewhere in the Timorese mountains," Mari Alkatiri, East Timor's foreign relations minister, told TEMPO. Alkatiri recounted the odyssey that led to the reopening of the broadcasting station. "The first broadcast of this new phase, which was aired on 28 November 1980 and lasted only 15 minutes, had extraordinary repercussions within the country. Internationally, it received wide publicity and caused changes in attitudes regarding East Timor."

The old Portuguese colonial station in Dili was actually a station of the Portuguese National Broadcasting System in Timor. For years, it was the official organ of the Terreiro do Paco regime. It inundated the Timorese with colonial fascist propaganda, with waves of chauvinist, anticommunist programs, Salazar's speeches and Caetano's "Home Chats." In an attempt to mongrelize the Maubere culture, it broadcast "fadas" [ballads] by Amalia and Herminia, and Portuguese folk and dance music.

Then came 25 April, and the ideological support that was sent over the air waves collapsed. Moreira Baptista, "minister of wines and tidbits," was ousted from Rua das Quelhas, and Radio Dili began to talk about "independence," and to say "down with colonialism," to the outraged astonishment of some officials, progeny of the best stock, grafted back on 28 May 1926. "What insolence! What cheek! What lack of respect!"

Almeida Santos made a "tour," a new assault on the colonies, and he laid on verbiage rivaling that of Americo de Deus Thomas: "In Timor I found the greatest affection for Portugal. The Timorese consider themselves as Portuguese as the inhabitants of Minho." He was not even aware he was being ridiculous.

Radio Maubere Is Born

Despite this pure devotion to the "mother land," the rebellion against the foreign occupier took fire; parties emerged and FRETILIN was organized.

On 11 August 1975, the Timorese Democratic Union [UDT], the neocolonialist party, occupied the Portuguese radio station. It gave the station the name Radio Maubere and took control, but only for a short time.

The FRETILIN Central Committee withdrew to bases and refuges high in the island's mountains.

"In one of these refuges, using old radios from the colonial army, our radio technicians built a transmitter, which we used to counter the propaganda broadcast by the UDT from the Dili station. This primitive and almost handmade transmitter aired its first broadcast on 17 August 1975. A few days later, however, we occupied Dili and took control of Radio Maubere," Alkatiri continued.

Actually, with the support of the population, FRETILIN occupied Dili and took over the radio station on 27 August 1975, and for over 3 months FRETILIN broadcast to all the national territory of Timor through Radio Maubere's microphones.

Retreat and Betrayal

On 7 December 1975, in an operation to implement Suharto's expansionist program, the Indonesian military forces invaded Dili. When the capital fell, the FRETILIN leadership and most of its army again retreated to bases in the dense jungle that covers Timor's impenetrable mountain ranges.

They retreated, but they took a more powerful transmitter from the Dili station with them. Radio Maubere went with them.

Three transmitting stations were located in the same area, as a backup system in case of breakdowns. At that time, Radio Maubere broadcast for 3 hours every night.

"To insure that its secret location would not be revealed and to protect it from sabotage and enemy attacks, we turned control of Radio Maubere over to Alarico Fernandes, the minister of security," the East Timorese foreign relations minister explained, adding: "On 4 December 1978, Fernandes betrayed us and turned the transmitters over to the Indonesians."

No Communication

"At the end of 1978, FRETILIN communications were abruptly cut off from the people and to the outside, specifically, to the port of Darwin, in northern Australia, about 600 kms away on the other side of the Sea of Timor.

"A committee of support for the struggle of the Maubere people, comprising Timorese emigres and progressive Australians, operated in Darwin. This committee received our reports and transmitted them to the 5,000 Timorese emigrants scattered over Australia and to the world."

After 4 December 1978, with no radio, it became extremely difficult for the support group in Darwin to maintain contact with the island, which was surrounded by Indonesian warships and swarming with invading troops on land.

Moreover, the support committee began to have serious problems after the 1977 elections in Australia, when the labor government, which sympathized with the FRETILIN cause, was replaced by a conservative government, which agreed to support the Indonesian designs on the territory of East Timor in exchange for navigation and oil-exploration rights in the island's territorial waters.

Television Dismantled

"As soon as the transmitters fell into enemy hands, we immediately began efforts to reestablish Radio Maubere broadcasts. It was not just a matter of acquiring new equipment; we had to create the conditions on the terrain," Alkatiri explained, continuing his narrative.

"The new conditions we hoped to create were achieved with the convergence of the guerrillas advancing from the east and west to the center. The central zone was the one most affected by the betrayal of Alarico Fernandes.

"In June and July 1980, we launched a series of lightning attacks against the capital. In one of these attacks, we launched a 'raid' against Radio-Television of Indonesia. We captured powerful equipment, which the people helped us transport to the mountains, and we dismantled the television transmitter. It transmitted in color, and retransmitted programs received by satellite from Jakarta.

"The attack on Dili was developed on three fronts. One of them had the television station as the sole target. As soon as it realized it was under attack, the station appealed to the nearest barracks for defensive reinforcements. When a task force came out of the barracks on its way to the television station, our guerrillas, who were waiting in the street because they had anticipated the reinforcement, intercepted the Indonesian troops and brought them down, capturing a large quantity of arms and ammunition. In a diversionary tactic to keep another barracks out of action, the guerrillas attacked it, creating panic among the Indonesian soldiers, who found themselves besieged in their own installation. At the same time, in a rapid operation the guerrillas attacked the officers' mess, a strongly defended social center, and then attacked the old Dare Seminary, where Indonesian officers were billeted. The guerrillas also blocked access to the airport so the pilots could not reach the helicopters. During the engagement, which lasted for 6 hours, from 1000 hours until 0400 the next morning, we dismantled and took away the television transmitters, and with the help of the people we hid them in the mountains that surround the capital. On the following nights, we took the television equipment, along with the captured war materiel (arms and ammunition), to our bases at wilder and more inaccessible altitudes."

Challenge of Radio Maubere

The technicians set up the equipment at a site known only to high officials of the party and government and to the personnel who maintain and operate the radio station.

They were ready, and on the night of 28 November 1980, the fifth anniversary of the declaration of independence, Radio Maubere was on the air again, announcing its reopening to the people and defying the Indonesians.

FRETILIN had won the battle of the radio.

Three times a week, for 15 minutes, broadcasting in Portuguese and Tetum, Radio Maubere is mobilizing the Timorese people.

The broadcasts are short, so the Indonesian radio signal detector cannot locate the transmitter and bomb it.

Irritated, its pride wounded, the Indonesian command reacted; it has defined the radio station as one of its major targets for destruction.

The highly successful "raid" had an enormous impact on the population, raising morale; on the other hand, it had unexpected international repercussions.

Paul Brook, U.S. assistant secretary of state for Asian affairs, talked about FRETILIN for the first time.

In New Guinea, the rebels opposing the Suharto regime launched an attack, similar to the FRETILIN attack, against an army barracks in the capital, and captured an Indonesian officer.

The guerrillas in Sumatra sent a congratulatory message to FRETILIN.

In the archipelagoes controlled by Indonesia, the many rebel groups fighting against Suharto and his corrupt fascist regime have gained new courage from this FRETILIN victory.

The odyssey of Radio Maubere is only one episode in a 5-year war waged by the people of Timor (1 million inhabitants in 1975, and 200,000 deaths in this war) against a well-armed occupation army of 50,000 soldiers--as against only 7,000 guerrillas.

It is a war of oppressed against oppressor; it is a struggle for the liberation of native soil; it is a struggle which, like all just struggles, must inevitably be victorious.

6362
CSO: 4401

TRANSMIGRATION PROGRAM FAR BEHIND SCHEDULE

Kuala Lumpur BUSINESS TIMES in English 2 Jan 81 p 6

[Article by Isabelle Reckeweg]

[Text]

INDONESIA'S scheme to transfer 2.5 million people from crowded Java to outlying islands is lagging behind scheduled, hampered both by red-tape and corruption.

The "transmigration" programme was originally conceived to solve one of Indonesia's major problems, the overpopulation and impoverishment of its central island of Java.

The exhausted soil of Java has long ceased to support its 90 million inhabitants, mostly landless farmers, who are crammed into 51,000 square miles of land. That is tantamount to nearly half the US population living in the state of Arkansas.

"Javanese farmers, once prosperous, are now poor, and getting poorer by the day," a senior official of the Public Works Ministry said. "It is a situation where the poor can only become poorer unless we do something big and quick."

The government also has been pressing the transmigration programme in hopes of halting a major drain on the country's treasury. To feed Java, the government spent nearly US$1 billion in 1980 to import more than 2 million tons of rice, making Indonesia the world's largest purchaser of the commodity.

"Transmigration is a key word in our development," the official said. "Moving 2.5 million people from Java to the outer islands might look like an ambitious programme. Indeed, it is the largest transmigration programme being carried out in the world. But it is an absolute necessity."

The original plan called for 500,000 families or 2.5 million pioneers to be resettled over a five-year period, April 1979-March 1984, the span of the country's third development plan. On paper, the programme involved the transportation and resettlement of an average 1,370 people every day on eight daily special flights from Java to Sumatra, Kalimantan, Sulawesi and the eastern islands.

The Indonesian government made available a US$2.5 billion budget with the resettlement cost estimated at US$5,000 per family. The government also purchased American "Hercules" aircraft to move the transmigrants and made available military airports, including those with nightlanding facilities, for the projects.

But as Indonesia enters 1981 officials acknowledge the programme is far behind schedule. The Central Bureau of Statistics said 110,000 people were moved in 1979-early 1980, and the estimates for this fiscal year are not expected to be much higher.

Reasons for the apparent failure are as numerous as the programme is complex.

Experts said too many administrative procedures hampered the implementation. At one time, not less than 44 senior officials from various departments had to approve each new resettlement plan. The programme involves some half of the Indonesian cabinet, from Public Works to Education, Home Affairs to Agriculture, Defence to Forestry.

"The reason is simple: We don't pick up people from a village to drop them in the jungle. We are creating small towns and opening new human frontiers," a transmigration official said.

Others also admit off-the-record that corruption is responsible for the delays, with part of the budget disappearing somewhere along the line from Jakarta to the village level.

Some complain that the programme, though well-planned in Jakarta, is often poorly implemented in the field. Many officials say the hesitancy of the Javanese to abandon their cultural homeland and live among people of different ethnic backgrounds is a major obstacle.

"Transmigration still does not appeal to the people," a transmigration official acknowledged. "Only 10 per cent of the transmigrants are pioneers who volunteered to leave Java. Twenty per cent are inhabitants of disaster-hit areas who were forced to leave their devastated

land. The other 70 per cent were enrolled by the local authorities. Farmers mainly fear that opening new fields is much more hazardous than sowing lands which produced crops for centuries."

Building an infrastructure and mapping land in the jungles, to provide 2.5 hectares (6 acres) of land to each family, remain the two most time and money consuming problems facing the programme.

"Indonesia is now studying a new method of mapping land covered with jungles. It will be a revolution in that field, will drastically reduce the time needed to map land from one year to one week, and also cut down the cost," an official of the Public Works Ministry said.

Officials are also studying advanced technology in the building and infrastructure fields. They hope to build up to 90 per cent of the housing complex only with local material and save time and money on shipment of cement or iron from Java to the remote resettlement centres.

"This programme has to work and we are looking into the most advanced techniques to make it work. Whatever amount of subsidies the government is going to spend on the poor of Java, it will release the demographic pressure. It will not create employment. The overpopulation and employment in Java is a potentially explosive social situation. Moving 2.5 million people over a period of five years is in fact a small target, as it represents only one fifth of the island's population growth over the same period," the official added.

Mr Peter Duncan, an international economist of the Stanford Research Institute, commented: "Many people think the programme will not work because no other programme of that magnitude have worked before. Actually, transmigration generates progress. Pioneers will cultivate sugar cane and cassava which will provide Indonesia methanol fuel like in Brazil. Changing the relations between man and his land is the true revolution in development." — UPI

CSO: 4220

# RECORD RICE HARVEST ANTICIPATED IN 1981

Kuala Lumpur BUSINESS TIMES in English 2 Jan 81 p 16

[Text]

JAKARTA, Jan. 1

INDONESIAN rice production in 1981 could be between 19.5 million and 20.8 million tonnes following last year's record harvest, but much would depend on the weather, according to well-informed foreign experts here.

They forecast that final figures for 1980 would show a record harvest of 19.9 million tonnes milled basis harvested from nine million hectares. Official figures could be a little higher, they said.

The government itself has targeted this year's rice production at 20.76 million tonnes but the experts believe this will be difficult to achieve unless there is a repeat of the past years especially favourable climatic conditions.

"The weather would need to be excellent to reach such a record," one of the experts said.

Such high production would still leave the country below self-sufficiency. In the past year Indonesia had to import just under two million tonnes of rice.

But originally the government had planned to import 2.5 million tonnes, compared with 1.96 million in 1979.

It was, however, able to return more than 70,000 tonnes obtained earlier as an emergency supply earlier from South Korea, the sources said. It also postponed imports from several countries.

In 1979 production had been just under 18 million tonnes, but consumption is rising at about 1.5 per cent a year.

Self-sufficiency would probably require about 23 million tonnes at present, and the government is also keeping an emergency inventory which would probably need to be around three million tonnes.

Imports will again be necessary this year even if there is another record harvest, the experts said. Nonetheless, the situation has given the Bureau of Logistics (Bulog), which controls the commodity, confidence to demand higher standards for its imports.

Earlier last year, Bulog chairman Bustanil Arifin said that in future imported rice would be 10 to 15 per cent broken instead of 35 per cent as in the past.

The government is also known to have committed itself to some 650,000 tonnes of imports for this year which could rise to 1.5 million, the sources said.

The commitments include 88,000 tonnes from the US, 300,000 from Thailand, 100,000 from Burma, 90,000 from Japan and 73,000 from the Philippines, according to the sources.

One result of the good harvest is that pressure on other foodstocks has been lessened. The sources said flour mills had more than enough wheat and substantial flour stocks. The US alone this year has supplied 800,000 tonnes of wheat out of total anticipated final 1980 import figure of around 1.5 million tonnes, compared with 1.21 million tonnes in 1979.

Some 20,000 tonnes a year of lesser quality wheat flour is being used for glue for the plywood industry, they said. Much of the balance has come from Australia with which Indonesia has been negotiating a new contract for 1981, the sources said.

Corn production also expected to be up this year to around 3.6 million tonnes, compared with 3.3 million in 1979 but still below the 1978 figure of 4.30 million tonnes, the sources said.

This has meant a reduction of imports in 1980 to 3,000 tonnes from the 1979 figure of 70,000 tonnes, they added.

Reuter

CSO: 4220

# POPULATION EXPLOSION HINDERS DEVELOPMENT PROGRAMS

Kuala Lumpur BUSINESS TIMES in English 20 Jan 81 p 6

[Article by Colin Bickler in Jakarta]

[Text] BOLSTERED by ever increasing foreign reserves from mounting oil and gas income, Indonesia has embarked on 1981 with an expansionary Budget designed to lessen dependence on foreign aid and ensure stability for the 1982 elections.

But the Budget speech by President Suharto, who has run the government with military support for the past 15 years, pointed up that one major obstacle to development is not going away — Indonesia's population explosion.

Announcing a 13.9 trillion rupiah (US$22.24 billion) balanced Budget from next April through to March 1982 — a couple of months before anticipated elections — President Suharto disclosed the country's population was growing by an average 2.34 per cent a year.

The stark fact that Indonesia now had over 147 million people — at least five million more than expected — means that there are more mouths to feed and that rice self-sufficiency, despite record crops, is still some way off.

It also meant that the programmes to reduce unemployment — more than 14 million people between the ages of 15 and 30 according to the Junior Minister for Youth Abdul Ghafur — will be under even greater pressure.

Indonesia may, in some ways, be a victim of its own success.

When President Suharto took power from ailing founding President Sukarno after an abortive pro-communist coup in 1965, the country was on the verge of bankruptcy.

Population, without family planning, was growing faster than today. The oil industry, which now underpins the economy, was in a shambles. Indonesia, then the world's biggest rice importer, was suffering from acute food shortage.

The military's Soviet-supplied equipment was running out of spare parts after an embarrassing confrontation with Malaysia and its Commonwealth allies.

President Suharto's latest Budget shows how far the country has come since those days. He conservatively put the nation's foreign reserves at US$7 billion, though by now it is probably nearer US$8 billion largely due to the improved oil income, according to foreign experts.

Many more children are in school, per capita rice consumption is well up, the country can service a foreign debt that is less than nine per cent of export earnings and economic growth is up seven per cent on the previous year.

Even the worrying population figures — which could give Indonesia some 300 million people in 20 years time according to Jakarta family planning chief Dr Abdullah Cholil — stems partly from improved health care and nutrition offsetting gains from family planning.

Some Indonesian health officials say average life expectancy should rise to 60 by the turn of the century from the present 45. Infant mortality will be cut by 50 per cent from the present 10 per cent.

The food picture too is basically good. Last year, Indonesia had its second record rice crop, nearly 20 million tonnes — partly due to good weather and the expanding role of new, high-yielding strains, as well as the use of fertiliser.

This meant a substantial reduction in rice imports in 1980 and possibly still further reductions in 1981, though the government is after stability by building its stocks against emergency to some three million tonnes.

Food is a key area and the biggest single development of the allocation in 1981-82 some 942 billion rupiahs (US$1.5 billion), not quite double the previous year's allotment, is earmarked for agriculture and irrigation.

Subsidies on food, to keep down the price of rice and other staples, will also go up 82 per cent, costing the government nearly US$500 million.

This amount however, is just over one-third of what the government plans to spend to keep fuel prices down. Subsidies on fuel — including the kerosene that many people use for cooking and lighting — will go up over 82 per cent to the equivalent of US$2.4 billion.

This move has been criticised by some economists, especially since they maintain that the small middle and even smaller richer classes are the real beneficiaries.

Since one Budget boast was that calendar year inflation in 1980 was down to 15.9 per cent from 1979's 22.7 per cent, the government seeks less inflationary pressure in the lead up to the 1982 election.

While President Suharto's Golkar Party is assured of winning again against carefully watched minority parties, the administration is not immune to criticism and the sometimes violent effects of frustration because the expanding economy is not closing gaps between rich and poor quickly enough.

Many political analysts here blame anti-Chinese rioting in central Java last November as much on frustration as on racism. The Chinese minority as prominent figures in the economy, were just the most obvious targets, they say.

Some of this was reflected in pamphlets circulated by activist students during the recent visit of Japanese Premier Zenko Suzuki. They complained too much Japanese investment was tied up with Indonesia's non-indigenous businessmen — meaning Chinese — and corrupt officials.

The government is sensitive to allegations of corruption, which it maintains it is putting down.

That the fight is not over was indirectly acknowledged in President Suharto's announcement of wage increases for the three million servants and the military.

"With this salary increase, there is no excuse for slack work or unethical deeds," President Suharto declared. — Reuter

# STRONG INCREASE IN GOLD RESERVES DURING 1980

Kuala Lumpur BUSINESS TIMES in English 23 Jan 81 p 20

[Text]

JAKARTA, Jan. 22

INDONESIA has bought around 1.8 million ounces of gold on the world market in the last 11 months, one of the largest annual sums ever spent on foreign purchases of gold by any central bank.

At current prices Indonesia's purchases from February to to December last year were worth over US$1 billion (M$2.2 billion) though, because of the fall in the gold price in the last few months, the government is likely to have paid up to US$50 million (M$110 million) more than this.

The purchases provide the first solid evidence of a member of the Organisation of Petroleum Exporting Countries investing a high proportion of its oil revenue in gold.

Indonesia, which until February last year held a mere 280,000 ounces of gold in its reserves (under 4 per cent of official international gold reserves), held around 2.1 million ounces at the end of December, according to a senior Bank of Indonesia official.

At current market prices, gold now accounts for around 17 per cent of Indonesia's official international reserves, currently estimated at $15.4 billion.

According to the bank official, the purchases are part of a long term diversification policy. Until the beginning of last year, most of Indonesia's reserves were held in US dollars.

The purchases also reflect a substantial improvement in Indonesia's external economic position, largely caused by oil price rises. — FT

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## BRIEFS

HUN SEN THANKS CUBAN MINISTER--After receiving a greetings message from Comrade Isidoro Malmierca, minister of foreign relations of the Republic of Cuba, on the occasion of the second anniversary of the Kampuchean People's great 7 January victory, on 14 January 1981 Comrade Hun Sen, minister of foreign affairs of the PRK, sent a reply message which reads: I would like to express sincere thanks to the comrade and all the cadres and personnel of the Cuban Foreign Ministry for your greetings and congratulations on the occasion of the second anniversary of the 7 January national liberation day. Permit me to extend to you my best wishes for good health and new successes in your noble duty. [Text] [BK060920 Phnom Penh Domestic Service in Cambodian 1100 GMT 3 Feb 81]

HENG SAMRIN THANKS INDIAN LEADER--On 5 January 1981 Comrade President Heng Samrin sent a message of thanks to Rajeswara Rao, general secretary of the Communist Party of India, who greeted him on the occasion of the second anniversary of the 7 January victory day. The message reads: On behalf of the KNUFNS and the entire Kampuchean people and in my own name, I am honored to express sincere thanks to you for extending sympathy and warm congratulations to us on the occasion of the second anniversary of the great 7 January victory. We are convinced that the friendship and cooperation between our two peoples will grow with every passing day. [Text] [BK080424 Phnom Penh Domestic Service in Cambodian 1230 GMT 6 Feb 81]

HENG SAMRIN THANKS SRI LANKAN--On 5 January 1981, Comrade President Heng Samrin sent a message of thanks to (Siva), general secretary of the Sri Lanka Communist Party, who greeted him on the occasion of the second anniversary of the 7 January victory day. The message says: On behalf of the KNUFNS and the entire Kampuchean people and in my own name, permit me to express sincere thanks to you for your warm congratulations on the occasion of the second anniversary of the great 7 January victory. I am confident that the bonds of friendship and cooperation between our two peoples will grow stronger with every passing day. [Text] [BK080620 Phnom Penh Domestic Service in Cambodian 1100 GMT 7 Feb 81]

HUN SEN THANKS MPR MINISTER--On 16 January 1981 Comrade Hun Sen, minister of foreign affairs of the PRK, sent a message of thanks to Comrade Dugersuren, minister of foreign affairs of the Mongolian People's Republic, who sent him warm greetings on the occasion of the victory over the genocidal Pol Pot-ieng Sary-khieu Samphan clique. The message reads: I am honored to express to you my sincere thanks for your warm greetings on the occasion of the second anniversary of the great 7 January victory over the Pol Pot-ieng Sary-khieu Samphan clique. Permit me to wish you the best of health and new successes in your duty to promote peace and security in Asia and the whole world. [Text] [BK060922 Phnom Penh Domestic Service in Cambodian 1100 GMT 3 Feb 81]

GREETINGS RECEIVED FROM ETHIOPIA--On the occasion of the second anniversary of 7 January, Comrade Felleke Gedle-Giorgis, minister of foreign affairs of socialist Ethiopia, has sent a greetings message to Comrade Hun Sen which reads: I extend to you warm congratulations on the joyous occasion of the second anniversary of the Kampuchean people's great victory. I am convinced that the valiant and courageous Kampuchean people will score more victories in their resolute struggle against the imperialists and international reactionaries. Permit me to extend my best wishes for your good health and for the peace, happiness and prosperity to the Kampuchean people. [Text] [BK080840 Phnom Penh Domestic Service in Cambodian 1230 GMT 7 Feb 81]

KANDAL PEDAGOGIC COURSE--On 21 January, Kandal Province closed its second pedagogic and critique course. The closing ceremony was organized by Sam Nam, chairman of the Provincial Education and Orientation Committee. Present were Sau Yoeun, chairman of the provincial KNUFNS committee; Thai Pheng representing the minister of national education; Tuch Sareth representing the Provincial People's Revolutionary Committee; and other provincial officials and students. [BK280839 Phnom Penh Domestic Service in Cambodian 1100 GMT 26 Jan 81]

DECEMBER BATTLE FIGURES--In December, our comrades in arms on the Moung-Pursat-Koas Kralar battlefield, with the full support and participation of the people, put 558 enemy troops out of action. They destroyed 2 82-mm mortars, 2 M-30 machineguns, 5 B-40's, an M-79 gun, 17 AK's, 21 barracks and a trench. They captured 9 AK's, 2 AR-15's, 250 rounds of AK ammunition, 2 B-40 rockets, 20 hand-grenades, and a quantity of other materiel. In primitive weapons production, they made and planted 121,000 new spikes, dug 500 punji pitfalls and set 800 automatic bows. [Excerpt] [BK240400 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 23 Jan 81]

GRENADE ATTACK IN PHNOM PENH--On 26 January our commandos in Phnom Penh lobbed handgrenades at the Vietnamese enemy in (Tuol Champu) marketplace, killing four and wounding seven. Long live our valiant and courageous guerrillas and people in Phnom Penh! [Text] [BK040256 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 3 Feb 81]

GUERRILLAS AMBUSH VIETNAMESE, DESTROY BRIDGE--At 0130 on 25 January, our army and guerrillas laid an ambush for a Vietnamese mobile unit moving from Phum (Khnang Krau) to (Sre Loy) in Banteay Srei district of Siem Reap Province. When the Vietnamese troops reached our ambush point, we detonated mines and fired at them. We killed 30 Vietnamese troops. The survivors fled to (Sre Loy). We also destroyed some weapons, a cart-load of ammunition and a bridge near Phum (Khnang Krau); and seized a quantity of hats, clothes and war mate[illegible] We were able to successfully preserve our forces. Long live our valiant [illegible]ageous army, guerrillas and people in Banteay Srei district of Siem Reap Provi[illegible]! [Text] [BK060508 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 4 Feb 81]

GUERRILLAS ATTACK DIVISION HEADQUARTERS--After checking the terrain and situation at the Vietnamese division headquarters in Phum Chhuk, Puok district, Siem Reap Province, at 2100 on 1 February our special detachment launched an attack against the Vietnamese aggressors in this area. They put out of action 7 Vietnamese aggressors, including killing a division commander with the rank of three-star

colonel; destroyed a jeep, a C-46 and a C-25 radio sets, 2 telegraph sets, a typewriter, 2 division command posts and a quantity of materiel; and seized 200 meters of telephone wire. After fulfilling this mission, our special detachment withdrew safely. Long live our valiant and courageous army, guerrillas and people in Puok district of Siem Reap Province! [Text] [BK060340 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 4 Feb 81]

JANUARY BATTLE REPORT FOR SAMLOT--In January our comrades in arms on the Samlot battlefield in Battambang Province killed or wounded 1,011 troops of the Vietnamese enemy aggressors and destroyed a 60-mm mortar, an RPD gun, 8 B-40's, 2 M-79's, 21 AK's, a C-25 radio set, 8 military barracks and other items. Compared with the 1,200-enemy-loss-a-month plan, our comrades in arms carried out 84.25 percent. In primitive weapons production, our comrades in arms made and planted 910,100 new punji stakes, dug 400 pitfalls and set 540 automatic bows. [Excerpt] [BK130341 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 12 Feb 81]

HENG SAMRIN MEETS PDRY DELEGATION--Phnom Penh, 26 Jan (SPK)--The Kampuchean people always support the People's Democratic Republic of Yemen [PDRY] in its struggle for national reunification, affirmed President Heng Samrin on Sunday [25 January] when he received the delegation of the Socialist Party of Yemen led by Mr Mahmud Ahmed Najashi, member of the Party Central Committee, in Phnom Penh. At the meeting, Mr Mahmud Ahmed Najashi handed to President Heng Samrin a message from the PDRY chairman Mr Ali Nasir Muhammad. President Heng Samrin asked the Yemeni envoy to convey his thanks to the PDRY chairman for his support to the Kampuchean revolution. He soundly denounced the Beijing expansionists, the U.S. imperialists and other reactionaries for plotting to rekindle war in the Middle East. Mr Mahmud Ahmed Najashi expressed his joy over the progress made by Kampuchea in a short period of time. He said he felt optimistic about the stability of the situation in Kampuchea. [Text] [BK270932 Phnom Penh SPK in French 1440 GMT 26 Jan 81]

POLISH ARCHEOLOGY DELEGATION ENDS VISIT--Phnom Penh, 20 Dec (SPK)--The Polish archaeological delegation led by Waciej Rejmanowskiy, director of the Archaeological department, left Phnom Penh on Friday [19 December] at the end of its 12-day visit to Kampuchea. The Polish delegation was seen off by Pen Yet, secretary general of the administrative council for the preservation of the Angkor temples, and other officials. Also on hand was Mikulicz, Polish ambassador extraordinary and plenipotentiary to Phnom Penh. During tis stay, the delegation was cordially received by Keo Chanda, minister of information, press and culture and chairman of the administrative council for the preservation of the Angkor temples, and signed a memorandum on the project of repairing and restoring the Angkor temples, the national museum and the ancient royal palace. Minister Keo Chanda hosted a reception in honor of the Polish delegation. The Polish archaeologists also visited the Tuol Sleng torture center, the ancient royal palace, the national museum, the Preah Keo Morkath temple, Siem Reap Province, the Angkor wat, Bayon and Baray Tuk Thla temples, the zoo and a fish breeding center. [Text] [BK210813 Phnom Penh SPK in French 1454 GMT 20 Dec 80]

USSR CULTURE DELEGATION LEAVES--Phnom Penh, 20 Jan (SPK)--The Soviet cultural delegation led by Kondrachev Viatcheslav, head of the USSR Ministry of Culture's Department of Foreign Relations, left Phnom Penh on Monday, ending its 11-day visit to Kampuchea. While in Kampuchea, the delegation was cordially received by Information, Press and Culture Minister Keo Chanda and Fine Arts School Director Hang Soth. It visited the Tuol Sleng Lycee-prison, the ancient royal palace, the national museum, the national library, the Fine Arts School, beautiful places

of the capital and the river areas of Tonle Sap. An agreement on cultural cooperation between the two countries was signed at the end of the Soviet delegation's visit. [Text] [BK210909 Phnom Penh SPK in French 1441 GMT 20 Jan 81]

PDRY DELEGATION ENDS VISIT--Phnom Penh, 27 Jan (SPK)--Following its 5-day visit to Kampuchea, the delegation of the PDRY Socialist Party led by Mahmud Ahmed Nagshi, member of the central committee and vice chairman of the party's Foreign Relations Commission, left Phnom Penh Monday [26 January]. During its stay, the Yemeni delegation visited the Tuol Sleng school-prison, mass graves at Cheung Ek (Kandal), orphanage II, the former royal palace, a mosque in Phnom Penh and a fishing station at Prek Phenou. The delegation had talks with Heng Samrin, president of the KNUFNS and KPRC; Hun Sen, minister of foreign affairs; and Mat Ly, vice president of the KNUFNS central committee. [Text] [BK280738 Phnom Penh SPK in French 1437 GMT 27 Jan 81]

YOUTH DELEGATION TO GDR--Phnom Penh, 1 Feb (SPK)--At the invitation of the GDR Free German Youth, a delegation of the Kampuchean Youth Association for National Salvation [KYANS] led by Mak Daul, member of the Association Central Committee, left Phnom Penh on Friday [30 January] to attend the political songs festival which will be held in Berlin in early February. The delegation was seen off by Im Suosdi, head of the Foreign Relations Department of the KYANS Central Committee, and other personages. Also present was Rolf Dach, GDR ambassador to Kampuchea. [Text] [BK040929 Phnom Penh SPK in French 0400 GMT 1 Feb 81]

HUN SEN RECEIVES INDIAN DIPLOMAT--Phnom Penh, 7 Feb (SPK)--Indian charge d'affaires Nigam Prakash arrived in Phnom Penh on Friday [6 February] to establish the embassy of the Republic of India in Phnom Penh. The Indian diplomat was welcomed by Meas Sip, director of protocol, and other cadres of the Foreign Ministry. Also present were ambassadors and representatives of the embassies of various countries in Kampuchea. [Text] [BK091340 Phnom Penh SPK in French 0406 GMT 7 Feb 81]

HEALTH PERSONNEL TRAINING--Phnom Penh, 14 Jan (SPK)--A medical workers' training course was opened in Phnom Penh on Monday [12 January] with 660 students from all the provinces. Attending the opening ceremony were Health Minister Nu Beng, Health Vice Minister Chey Kanh Nha, Red Cross chairman Mrs Chey Kanh Nha, medicine and pharmacy faculty Dean My Samedi and other officials. [BK190717 Phnom Penh SPK in French 0408 GMT 14 Jan 81]

TU DELEGATION'S RETURN--Phnom Penh, 27 Dec (SPK)--The delegation of the Kampuchean Trade Union for National Salvation [KTUNS] led by its vice chairman Heng Teav returned to Phnom Penh on Friday [26 December] after attending the 24th Hungarian Trade Unions Congress. The delegation was welcomed at Pochentong airport by Lim Try, head of the KTUNS Central Committee office, and other personages. [Text] [BK010945 Phnom Penh SPK in French 1435 GMT 27 Dec 80]

VIETNAMESE DONATION TO KAMPUCHEA--Phnom Penh, 17 Jan (SPK)--The Vietnamese province of Ben Tre has donated some furniture and instruments to Kandal Province which are worth thousands of Vietnamese dong. Pham Giang Mau, chairman of Ben Tre Provincial Committee for the Protection of Mothers and Children, handed this aid to Touch Sareth, representative of the Kandal Provincial Revolutionary People's Committee during a ceremony held in Kandal on Wednesday. [BK210343 Phnom Penh SPK in French 1445 GMT 17 Jan 81]

CSO: 4200

MINORITY PEOPLES' ACHIEVEMENTS, ASSISTANCE TO REGIME REPORTED

Vientiane SIANG PASASON in Lao 26 Nov 80 pp 2-4

[Article: "The Feelings of Say Khukham, deputy chief (and acting chief) of the Central Nationalities Committee Concerning 2 December, Lao National Day"]

[Text] The Lao Central Nationalities Committee represents the people of minority ethnic groups. We and minority peoples wish to remember the revolutionary ideals throughout history.

In Laos besides the majority nationality there are many minority nationalities and tribes living in the mountainous areas. Some minorities live on upland plateaus intermixed with the majority from Nhot-u to Liphi. They make their living by sh'fting agriculture. Minority areas are strategic ones for national defense.

Under the former colonial regime of the French imperialists and the semi-feudalists the minority peoples received only divisiveness, promotion of backward cultures, and deception from the imperialists and feudalists in order that they might have limited knowledge, consider themselves inferior, and believe in deceptions and trickery such as belief in omens and spirits. The Mong were tricked by the American imperialists into joining the mercenary, special forces of Vang Pao which became a front line force resisting the popular revolutionary movement.

Even though minority peoples fell under colonialist and feudalist regimes and were duped, they retained a belief in brave struggle and fought against the oppression and exploitation of the imperialists and feudalists. They struggled to make a living against natural disasters and weather in order to maintain their own nationality or tribe in order to ensure their survival. For example there were the struggles of the Prince of Meuang Sing, Pho Kaduak, Prince Patchay, Keo and Kommadam, Prince Phinoi, etc.

Now the American imperialists have combined with the Chinese hegemonists to threaten, coerce, hire, charm, or trick them but, for example along the Lao-Chinese border, minority peoples are not easily misled by enemy tricks.

When the revolution began all tribal and ethnic minorities joined in the Lao national family under the leadership of the party central committee. The party had a just and correct policy to liberate the nation with equal rights for peoples of all

nationalities and citizenship for all persons and a policy of unifying nationalities to resist being divided, oppressed, and exploited, etc. Minority people joined with all nationalities to take up arms to liberate their nation. Even though the struggle was very long and the enemy had torrents of bombs and bullets, our multi-ethnic people would not give up or retreat. The chiefs of clans and factions who had influence among the people joined in the revolution.

Through the fierce, difficult struggle many minority individuals became members of parliament, members of Neo Lao Sang Sat, member of mass organizations, members of the party central committee, ministers or deputy ministers, provincial party or administrative committee secretaries, district committee secretaries or chairmen, professors, headquarters personnel from Ministry of National Defense-level down to local levels, etc.

Through the 30-year liberation struggle and the struggle to preserve the nation and transform and build socialism many provinces, districts, cantons, villages, and individuals have received the honorary title of national hero. Five provinces in the country received the honorary designation as heroes. Among them were three provinces where minority peoples constitute 60 percent or more of the population. They were Xieng Khoumang where minorities make up 68 percent of the population, the former Tavenok Province with 100 percent minority population, and Phong Saly Province with 81.3 percent minority population.

20 districts received designation as national heroes including 12 districts with minority populations of 60 percent or more. They were Hom, Hougsa, Dakchung, Ta-oi, Nale, Pakseng, Sepon, Sanamsay, Sansay, Paksong, and Hun districts and the former Son District.

20 cantons received designation as national heroes including 19 [sic] minority cantons. They were Laohung, Mongnam, Namtip, Meuang Feuang, Tang-alay, Keoset, Tatu, He, Plok, and Sinsay cantons.

42 villages in the country were designated as national heroes including 16 minority villages.

The guerrila unit of Bon Vilasoi, Se Canton, Lanam District, Salavan Province, received a special designation as national hero guerrila unit.

90 cadres, combatants, or people in the country received designation as national heroes including 42 minority individuals. Many minority persons received commendations, class 1,2, or 3 freedom medals, party victory flags, or certificates of commendation from the government or from their officer, departments, or units, etc.

Our cadres and multi-ethnic people liberated us from a system of oppression and exploitation, of inequality between fraternal nationalities or tribes and between men and women, and of ethnic discrimination and began to progress towards liberation in the areas of backward, unscientific cultural and social systems, and minority rights of citizenship, to vote, to stand for election, to participate in all administrative organizations and mass organizations, of free speech and free movement throughout the society, etc.

During the past five years we have had to reflect on our war wounds and to resist the plots of the American imperialists and Chinese hegemonists. Under the leadership of the party minority peoples have worked hard to change their way of life to a more quiet, peaceful one, to increase production, to build irrigation systems and dams, hospitals, and schools for minority students of technology and culture. Each year there have been increases in industrial goods and purchases of farm output from the people to strengthen socialism. Many agricultural cooperative and trade cooperatives have been set up.

The psyche of minority cadres and people, I feel, is politically aware and they have a sense of unified nationality in the Lao national family, one big Lao national family.

The major accomplishments of our cadre, soldiers, and people have played a part in the revolutionary tasks in the 30-year struggle for national liberation and the 5-year struggle to defend our nation and to transform and build socialism. Due to the brilliance of the just and correct policies of the party, the intelligent leadership of the party central committee, the party and state concentration on education and training, the support and assistance of all fraternal tribes and nationalities in Laos, the support and assistance of the fraternal nations in the socialist camp on the one hand and due to the decision of minority peoples to follow the revolution to the end, minority tribes and nationalities have made progress and grown.

Thus on the occasion of the fifth anniversary celebration of 2 December we minority cadres, combatants and people wish to express gratitude to the party and state, the majority nationality, to the fraternal, socialist countries, and to the peace-loving nations that have supported the Lao revolution with all their hearts and minds.

We minority individuals among nationalities-work cadres, military cadres, and the minority population in the future will train and have ourselves to stand shoulder-to-shoulder with other fraternal tribes and nationalities in Laos and will extend and strengthen our mutual solidarity, love, and assistance as well as resolutely struggle to defend our nation and build it in accordance with the five-year plan to be issued by the party and state.

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## CHAMPASSAK STATISTICS, DEVELOPMENT NOTED

### Population, Agricultural Statistics

Vientiane SIANG PASASON in Lao 26 Nov 80 pp 2-4

[Article: "Champassak Amidst New Victories" by Phonkeo Khammunheuang]

[Excerpts] Champassak Province is located in the extreme south of Laos and is the central one of the three southern provinces. It is bordered on the north by Saravane Province, on the east by Attopeu Province, on the west by Ubon Province (Thailand) for a distance of 225 kilometers (surface measurement), and on the south by Stung Treng Province (Kampuchea) for a distance of 242 kilometers. It has a total area of 13,400 square kilometers.

Champassak is a province blessed with natural beauty and one where belief in courageous struggle has descended from the times of Keo and Kommadam around the Bolaven Plateau. Mountains and forests abound in a province abundant in rice and fish. The most abundant and prosperous areas economically are the Champassak Plain and the famous Bolaven Plateau. There are also mountain chains which form natural boundaries between the province and neighboring provinces and countries. There are also many fascinating tourist attractions such as the Se Labam Waterfall, the Khonphapleng or Phi Waterfall, Wat Phuchampassak, the cool country of Paksong, etc. There are land and water routes of communication connecting all districts and other provinces. Highway 10 is an outlet to the sea (via Thailand) and highway 13 goes to Kampuchea and then to the sea which will improve conditions for transporting goods in the future. The good communications facilities that exist make it easy to travel from village to village, district to district, and province to province.

Following the seizure of power into the hands of the people the three provinces [Khong Sedone, Champassak, and Siphandon] were merged into a single province called Champassak made up of 10 districts, namely: Pakse (the provincial capital), Phonthong, Champassak, Sanasombun, Bachiang, Paksong, Pathumphon, Sukhuma, Munlapamok, and Khong districts. It has 66 cantons, 826 villages, and a total population of 334,540 persons made up of 2 ethnic groupings and 12 tribes, namely: Laven, Yaheun, Nge, Alak, Katang, Ta-oi, Kaleum, Phuthai, Lao, Lave, and Phakeo.

While improving and strengthening national defense and peace-keeping efforts among the populace in order to preserve the fruits of the revolution over the past five years by implementing resolutions 4,5,6, and 7 issued by the party headquarters,

Champassak Province has achieved successes in the economic, cultural, and social fields by taking significant steps, such as:

1. Agriculture

A. Crops

Soil conditions vary in Champassak Province. For example, there is volcanic soil in Paksong and Bachiang districts covering an area of 26,300 hectares. A second type is mixed clay and sandy soil most of which is found in valleys and along stream banks. The third area is hilly, rocky land where thorns sprout and the mountainous regions. This land has not been enriched and therefore it is useless for crops. As a result of the above, people adopt differing occupations. In the plateau areas the weather is cool and most people farm plantations of coffee and other industrial crops. In the valleys they grow paddy rice and vegetable gardens spread along the banks of streams. In the past five years they have been able to bring 106,357 hectares into cultivation, or one-third of the total area, including 91,853 hectares of rice (dry-season rice specifically as of now amounts to 353 hectares and dry-field rice to 9,000 hectares), 2,170 hectares of starchy crops, and 12,194 hectares of other industrial crops (coffee alone amounts to 8,915 hectares). In the province there are currently 52 cooperatives and 3 agricultural communes, 2 of the province and one of the central government. The communes have become viable and have allowed the farmers to advance to a base for industry.

B. Animals

As of 1980 Champassak Province had the following domesticated animals: 94,430 buffaloes or 13,225 more than in 1978, 67,210 cattle or 10,715 more than in 1978, 65,700 pigs or 28,524 more than in 1978, 50 sheep and goats, 185 elephants, and 614,576 head of poultry.

C. Forestry

The total forested area of Champassak Province is 804,000 hectares, of which 30 percent or 241,200 hectares is upland forest, 50 percent or 402,000 hectares is jungle, and 20 percent or 160,800 hectares is mixed forest. Operating in accordance with the guidance of central to "use forestry as the model for expanding industry," during the past five years extraction and logging activities have been conducted according to plan, i.e. when a tree is cut a new one is planted. During the war almost 25 percent of forests was destroyed and 10,000 hectares were destroyed due to clearing for shifting agriculture. These areas have been entirely replanted. This has transpired due to the concern and guidance of the provincial party committee, administrative authorities and forestry department who have mobilized the people to have concern for protecting our forests as a future national resource. Thus tree-planting work has become important. As of today 1,757,500 teak trees have been planted on 703 hectares. There are numerous forest reserves, both natural and reforested, but the most significant are the Lomsak forest in Bachiang District with an area of 2,456 hectares, Kengyao in Kengchia-Houei Som with an area of 182 hectares and a rubber plantation of over 20 hectares. In addition there are natural forests containing a variety of hard- and soft-woods.

Extraction and furniture activities were begun in 1978 and as of today 20,108 hard- and soft-wood logs have been extracted from 78,000 hectares and a total of 48,555 cubic meters of finished products of all kinds have been produced. On the average 20,000 cubic meters of wood have been exported to other countries each year.

D. Irrigation

There are irrigation systems all over Champassak Province. There are many small and medium-size systems such as Houei Tumleng, Houei Tomo, Houei Kongthao, and the Houei Vanghe project and many other small-scale systems. Completed dams are capable of irrigating 662 hectares of rice paddies during the rainy season which is equal to 0.8 percent of total rice paddy area. In the dry season 353 hectares can be irrigated.

The province has established two communes in order to serve as models for expanding agriculture and as testing grounds for crop and animal raising techniques. They are commune 08 and commune 34 and the latter is newly built and opened. The province purposes for these two communes is to grow coffee, tea, quinquina, and other vegetables and starchy crops. In the past period they have been able to plant 466 hectares of coffee and to harvest 25 tons and 535 kilograms of it, to plant 9 hectares of tea and to harvest 786 kilograms of it, and to plant 6 hectares of quinquina. Vast numbers of animals have been raised.

## Role of Private Industry, Trade

Vientiane SIANG PASASON in Lao 27 Nov 80 pp 2, 3

[Excerpt] 2. Industry and Trade

A. Industry and Handicrafts

After the liberation the party and state as well as administrative authorities concentrated on restoring the factories which stopped operating immediately after the liberation. As of now there is a total 23 factories, both state and privately owned, in Champassak including 10 state owned factories such as two large sawmills capable of sawing 983.96 cubic meters of wood per day, one small and one medium waterfall electricity plants, a pots and pails handicrafts plant, a textile factory, an ice plant, a bakery, a rice mill and a clothing factory. The rest are privately-owned factories in which the state is a partner. There are a Nam sa-io plant, a soap factory, a tannery, a charcoal plant, a noodle factory, a small rice mill, and six more sawmills. Handicrafts have been restored and in some areas artisans have been gathered into cooperatives. Example are cloth and basket weaving.

B. Trade

During the past five years trading outlets hage been expanded to canton levels in order to provide for distribution of state goods to the people and collection of goods and farm and forest products from the people. In 1980 there are a total of 119 outlets including 60 jointly owned stores, 25 privately owned ones, and 19 directly owned by the state. This amounts to a 10-fold increase compared to 1977. Now in all district towns there are restaurants and in some towns there are state repair shops, tailor shops, and barber shops in response to the needs of the people and to improve

their living conditions. The trade department has also set up a purchasing company to gather agricultural, forest, and other products from the people including rice, coffee, false cardamom, yellow beans, green beans, peanuts, pears, rubber sap, tamarind, bamboo bark, etc. In only three years (1978-80) it has been able to purchase a total of 30,428,837 kilotons and have increased annual purchases by 55.42 percent.

3. Communications

Generally communications routes throughout Champassak Province are good and travel is convenient and easy. In the past five years war-damaged roads have been repaired and new roads built as follows: 1,354 kilometers of old roads have been repaired, 348 kilometers of new roads have been built (stone paved and dirt), 1,215 meters of old bridges have been repaired, and 21 new bridges totaling 524 meters in length have been built. Also transport has been improved and has carried a total of 62,840 tons or 11,350,663 ton kilometers. Currently in the provincial capital a state bus line runs on four routes serving the cadres and people. In the district capitals people are adapting horse carts, bullock carts and other vehicles to transport goods to the localities.

8947
CSO: 4206

OFFICIAL CONDEMNS THAI SHOOTING

BK270947 Vientiane Domestic Service in Lao 0430 GMT 26 Jan 81

[Statement by Somvang, head of the River Transport Company of the Ministry of Communications, Public Works and Transportation, on the shooting of a Lao transport boat by Thai troops. Date not given--read by announcer]

[Text] I am very sad that the Thai troops intercepted and shot at our transport boat on 20 January 1981 while it was transporting goods from Savannakhet to Vientiane along the Mekong River. The shooting of the Lao cargo boat by the Thai troops was not the first incident ever reported. There were several similar incidents in the past. Such acts clearly show that the shooting on the Lao cargo boat by the Thai troopswas premeditated by the reactionary masterminds.

As we are fully aware, the situation in this region as well as throughout Southeast Asia is very critical due to the Beijing leaders' implementation of their theory of great-nation hegemonism. Thus, the development of unity among the countries in this region, namely between the Lao and Thai peoples and between the Kampuchean and Thai peoples, as well as the prevailing stability in this region constitute a great danger to the policy of the Beijing rulers. As a result, the Beijing rulers, extremely concerned with these developments, have planned to instigate the Thai reactionaries to carry out these shooting incidents.

In my capacity as the head of the River Transport Company of the LPDR Ministry of Communications, Public Works and Transportation, [words indistinct] demand that the Thai authorities stationed along the Mekong River, particularly those stationed in the area where the incident took place, mete out appropriate punishment against these wrongdoers. The Thai side must fully compensate the families of the deceased as well as for the damage done to the Lao side, including paying for medical care for the wounded. At the same time, they must take effective measures to prevent the recurrence of such an incident in the future.

CSO: 4206

BRIEFS

CORRUGATED SHEETING PLANT OUTPUT--After marshalling with revolutionary fervor their labor forces and creative minds in a campaign to set work records in honor of national day, 2 December, which will close out five full years, the cadres and workers of the corrugated sheeting plant of the Ministry of Industry and Trade have been able to produce 56.4 percent of the campaign quota between the start of the campaign, on 28 September 1980, and 8 November 1980. The complete campaign quota is the production of 530,000 sheets or a daily average of 4,294 sheets. They are currently continuing to carry out their campaign to produce on schedule to achieve new, much higher, work records to honor the coming 2 December national day [Text] [Vientiane SIANG PASASON in Lao 26 Nov 80 p 1] 8947

CSO: 4206

INTERVIEW WITH SARAWAK CHIEF MINISTER

Kuala Lumpur NEW STRAITS TIMES in English 24 Dec 80 pp 12, 15

[Interview of Datuk Patinggi Tan Sri Abdul Rahman Yakub by Cheong Mei Sui]

[Excerpts]

**Question:** *During your absence in London the leadership crisis in SNAP came to a head. The conflict between the group led by deputy president Datuk James Wong and the other headed by secretary-general Datuk Leo Moggie (who is the Federal Minister of Energy, Telecommunications and Post) flared into open confrontation. Will you help to resolve the problem?*

**Answer:** Since my return I haven't met Datuk Moggie or Datuk Wong. Datuk Dunstan Endawie (former SNAP president and Deputy Chief Minister) did see me in London. He briefed me a bit about the problems they have in SNAP, which had been widely publicised in the Press in Sarawak.

Perhaps when I get back in the third week of January I shall be able to meet these SNAP leaders and talk to them about their problems. Of course, I can only advise...I cannot interfere in their internal problems.

*There is talk that Datuk Endawie will return to lead the party again.*

I have been told the same story. They say that some groups would like Datuk Endawie to come back because of the existing problem...nothing to do with the government set-up.

But there are others who say: "Look, he has already decided to resign, let him serve for some time in his present capacity as High Commissioner to New Zealand." Which view is prevailing in SNAP, I don't know.

I think, essentially, the two groups differ on whether SNAP is essentially an Iban party or whether it is truly a multi-racial party.

One group says that while its constitution says it is essentially a multi-racial party, it is essentially an Iban party in fact, and therefore we must recognise that fact.

The support for SNAP comes mainly from the longhouses; that fact cannot be overlooked. So this group wants to emphasise that point.

But the other group says: "Look, we must project this image of being a multi-racial party."

I think I approach politics from a very practical point of view. The PBB is a bumiputra party; nevertheless, it does not mean we have to think of bumiputras alone. For practical reasons, we are a bumiputra party; if tomorrow I should declare, or we in the PBB should decide that the party is to be a multi-racial party, I don't think it would help very much in an election; it would only cause friction with SUPP and SNAP, on the question of seats and so on.

My approach is that we concentrate on our areas. SNAP concentrate on their areas, SUPP concentrate on their areas, and we help one another.

*Some say that Datuk Moggie is your man. They say that you are behind the present problem in SNAP to bring the bumiputras out of the party so that they can join PBB.*

I never had such an intention at all because there is no point. It does not help the PBB, it does not help Sarawak to play such a game. That was the game played way back in 1963 to 1970. Since the 1970, 1974, 1978-79 elections, once PBB said we co-operate, we co-operate fully. It doesn't serve a good purpose for the State to play such a game. It is a retrogressive step.

I did propose at my birthday party that well, perhaps now it's time for us to think of merging all the parties under one banner. Let us turn multi-racial — no SUPP, no PBB, no SNAP. That was my thinking; that was just sending out a sort of feeler.

But the reception was very cold, and someone...a member of the SUPP women's section...came to see me. She said: "How can we accept? If we accept, you will become very strong."

So I said, well, I think that's not the correct approach. If the leader is strong, the party is strong, we will all be strong. Do you want a weak leader or do you want a strong leader?

I don't think one can regard Datuk Moggie or anyone else as my man in the sense that he is doing anything damaging to the interests of SNAP. We have no plan to weaken either SNAP or SUPP. On the contrary, we would like to see both parties being strengthened. We strengthen ourselves without encroaching into their respective influence areas.

*What will be your immediate task when you get back to Sarawak?*

The consolidation of the three parties in the Barisan by strengthening the State Cabinet. I have to do some reshuffling. That will be my first task — as soon as possible — after I resume duty in order to ensure that everybody will get down to his job to implement the Fourth Malaysia Plan.

It is vital that there ought not to be any delay in the smooth and effective implementation of the FMP. This can be

done only if all of us in the State put our heads together, if petty party squabbles are relegated to their proper places and more attention is paid to the development of the State. In other words we have to place the nation's interest above our own party interest.

You will notice that I have taken into the State Cabinet Mr Daniel Tajem. He is a qualified man. I used to teach him when he first joined the Sarawak administrative service way back in the early 1960s when I gave lectures in law. He was one of the students. He is quite a bright young man but he needs lots and lots of experience. I think he's good material as a worker. I have to discuss further with the Snap leaders regarding other possible people.

I have my own view also concerning the strengthening of SUPP. Whether they accept my view or not is up to them, but I feel as chairman of the Barisan Nasional in Sarawak, it is my duty to express what I think should be done in order to ensure that SUPP will continue to gain overwhelming support, particularly of the Chinese.

As for my own party (PBB), so far, I'm quite satisfied. We have brought in a number of qualified people during the last general election and recently Bujang Ulis has been appointed Deputy Minister (Federal). From my personal experience it is much better to have some years of exposure in KL before one goes back to lead the State Government of Sarawak.

Sometimes, it happens. One thinks a person is suitable, but after exposure one may change one's view. Therefore, I have to try as many young people as possible.

*Do you find that those coalition leaders who voiced their dissatisfaction with your leadership in 1978 are still maintaining that kind of talk?*

They have changed quite a bit and I think the mis-information that was passed on to their followers has now been seen as such. They came to see me while I was in hospital. You know I have been accused of not wanting to co-operate very much with SUPP. That was one of the allegations soon after Snap joined the Barisan. Well, they say Ketua Menteri is more for SNAP than for SUPP.

Now they realise, especially after the 1978-1979 elections, that it is not true. And some of their headquarters workers came to see me in hospital, they said: "Datuk, we misunderstood you because we were not given the right information."

The dilemma I have in dealing with some of them is this. Say a branch...the Sibu branch or the Miri branch leaders wanted my assistance. Assistance was given, and the group would be branded as my followers; they would be ostracised. So where do you go from there?

So now they see it is wrong. You want my help, I give it. You can't accuse those who accepted or needed my help as purely my supporters and not SUPP supporters. And this has been the problem in SUPP. Sometimes, they shout: "This is Datuk Rahman's man, watch out." How do I help them?

*What are your views on the SUPP-MCA proposal to work closely together?*

I welcome it very much and it is in a way a new approach by the SUPP leadership. As you know, in the past people looked upon the MCA as a party of rich people and SUPP regarded itself as a democratic socialist party. I myself, as you know, have been holding the view that Umno and other bumiputra parties should merge together into one party so that the bumiputras in Sabah and Sarawak could benefit from the direct leadership of the top man in KL, in the person today of Datuk Hussein Onn... That has always been my view.

You will recollect that one of the things I did, soon after I went back to Sarawak, was to persuade the Sarawak Chinese Association to dissolve itself and all the members to join SUPP. And this eliminates lots of bargaining during elections. You know, the fewer the parties in the Barisan, the less will be the bargaining for seats; and I was very happy that the SCA leadership accepted my advice.

The only regret I had over the question was that SUPP took a different approach from the PBB's...and I think it was very damaging to SUPP in the 1974 elections. The SUPP approach then really hurt the SCA members so that they helped to campaign for SNAP in the 1974 elections because the statement made by certain SUPP leaders that they would only accept the good members and so forth. In other words the ex-SCA members had to apply to become members of SUPP.

*In your National Day speech, you expressed dissatisfaction with the posting of Federal officers to Sarawak without prior consultation with the State Government and the discourtesy of certain officers. What prompted you to make that statement?*

From time to time I have to say it. I think mostly this is at the official level. Unfortunately, some of the officials in KL don't want to accept their faults or shortcomings. The officers change. You deal with one officer today, next year you deal with another officer. He doesn't understand the problem. That is part of the problem. Every two or three years you find new faces who don't understand the State and this causes delay on the ground.

The State needs to be informed, particularly the States of Sabah and Sarawak; they are far away. I would like to see the Federal Government's image being protected. Sending the wrong officer will only spoil the image of the Federal Government. So I have to know who is coming. Let me assess whether the officer is suitable or not. If he is not suitable, it will create more problems in the State which means more problems for the Federal Government.

CSO: 4220

PETRONAS TO SEEK LONG-TERM OIL SUPPLIES FROM KUWAIT

Kuala Lumpur BUSINESS TIMES in English 12 Jan 81 p 1

[Text]

MALAYSIA will negotiate for the supply of 20,000 barrels a day of heavy crude oil from Kuwait when Petronas officials visit the country next month to finalise arrangements for the joint venture oil refinery in Malacca.

Speaking to reporters after opening a seminar on consumer solidarity yesterday, Tengku Razaleigh Hamzah said he expects to be in Kuwait in late February to sign the deal.

"I will also be visiting Qatar and the United Arab Emirates to discuss the possibility of obtaining long-term supplies of crude oil from them," he added. The visits are planned to fit in with an Islamic Development Bank meeting in Khartoum (Sudan) later in the same period.

The 20,000 barrels a day request is separate and distinct from another issue, namely the proposed "oil swap" in which Malaysian crude will be directly exchanged for Kuwaiti crude.

The crude swap was proposed to ensure stable oil supplies for the Malacca refinery which is expected to rely on West Asian crude imports for 60 to 70 per cent of its requirements.

The Kuwaiti government has agreed to take a 30 per cent share in the refinery which is due to be completed in two years. Its participation will be in the form of supplying crude oil for the project.

The Petronas visit comes on the invitation of the Kuwaiti Oil Minister Sheikh Ali Al-Khalifah Al Sabah, who was in Kuala Lumpur last month to discuss areas of economic cooperation with Malaysia. The corporation's managing director, Encik Rastam Hadi, will lead the mission.

CSO: 4220

# NATION TO HOLD FIRST DIRECT ELECTIONS IN MAY

New Delhi PATRIOT in English 30 Jan 81 p 3

[Text]

KATHMANDU, Jan 29 (PTI)— Nepal's first direct elections to the highest national legislature, Rashtriya Panchayat, under the new constitution, as amended in December last year, is expected to be held on 7 May, according to political circles here.

The elections are to be held on one single day throughout the kingdom to elect 112 members from 75 districts under adult franchise. Additionally, the House will have 28 members nominated by King Birendra.

It was in February 1959 that the country had held general elections and elected a House of 109 members out of 786 candidates among whom 268 were independents. Nepali Congress then swept the polls having won 74 seats (out of 108 contested) with 666,888 votes, which were more than double that of the votes polled by the Gorkha Parishad which could secure 19 seats out of 86 contested.

As the kingdom is looking forward to the elections, the official vernacular daily Gorkhapatra, has said that the new constitution reflects the King's commitment towards democracy and the aspirations of the people.

CSO: 4220

# RURAL DEVELOPMENT HURT BY PLANNING DEFICIENCIES

Kuala Lumpur BUSINESS TIMES in English 19 Jan 81 p 6

[Article by Aditya Man Shrestha]

[Text] DESPITE a well-defined and well-organised planning structure at the national and local levels of Nepal's administrative machinery, the government's developmental programmes have gone bust insofar as the rural poor are concerned.

The country's poverty-stricken population are not represented in the local planning bodies which are dominated by the rich.

Dr R.P. Yadav, executive director of Nepal's Agricultural Projects Service Centre, said that in most cases developmental projects are geared toward the benefits of the rich who formulate and implement them to the disadvantage of the poor.

He said: "Usually, the village panchayats (assemblies) submit their list of projects which are oriented towards infrastructure and social welfare projects such as roads, trails, irrigation, drinking water, health centres, schools and so on. Often the panchayats fail to incorporate in their lists economic-oriented projects that will redound to the economic benefits or majority of the rural poor."

The organisational mix of the government's planning agencies makes for confusion and bureaucratic dawdling. There is a National Development Council headed by the King, a National Planning Commission, the District Administrative Plan and the village panchayats.

The National Development Council issues policy statements, determines planning and development objectives, and undertakes an annual review of the status of government projects.

The National Planning Commission has no administrative role. However, it prepares strategic economic plans, the objectives and priorities of the government's development goals, reviews plan performance and conducts occasional research on problem areas of the economy.

At the district level, the District Administration Plan, though not yet fully operational after five years of government efforts, is supposed to coordinate the activities of the district technical personnel and consolidate plans for the welfare of the village.

This body is headed by the chief district engineer, who submits his recommendations to the village panchayat, which, in turn, submits the recommendations to the ministries concerned for their approval.

Thus a village plan is prepared by the village panchayat, submitted to the district level body for modification and approval as part of the district plan before it is finally elevated to the ministries for implementation.

"Thus set-up leaves us two critical problems," Dr Yadav remarked. "First, it poses a planning problem in which the district level people who act on the village plans and determine the feasibility of the project act in total darkness in matters of manpower resources, material and cost at their disposal during the plan period.

"Second, it has created a target group problem in which village assemblies generally neglect the plight of the rural poor."

Under Nepal's political and administrative set-up, the panchayat (both at the village and district levels) serves as the principal channel through which development funds and programmes are allocated.

To strengthen the role of the local assemblies, the panchayats have enacted laws that call for the major involvement of the rural panchayats in the developmental planning in their respective jurisdictions.

Dr Yadav, however, noted that despite the existence of these laws, in practice the panchayats play no active role in the government's developmental programming.

The provisions for the active involvement of the local assemblies in government programmes were designed to encourage greater coordination, supervision and cooperation in the implementation of government projects. But after five years, the local assemblies are largely ignored in the implementation of projects in their jurisdictions.

The fault, as Dr Yadav saw it, lies mainly with the ministerial-level planners who refuse to entrust to the local people the responsibility of implementing local development programmes.

As a corollary to this situation, the chief district officer is not held accountable for the programme's outcome. When a project fails due to various reasons, nobody can be held accountable for the mess.

The distrust of the higher echelons of the local assemblies is based on the lack of expertise of the rural planners. Dr Yadav admitted that the district level personnel are inadequately trained for such crucial undertaking as economic planning.

And, considering the highly-centralised character of Nepal's economic planning, the local assemblies find themselves lacking in expertise and foresight needed for the job.

He said that planning in most cases is undertaken separately at the national level. The quantitative targets set by the national planners are broken down into district levels for local implementation.

"The planning of programmes on the basis of local identification of needs and potentials has thus remained a wishful thinking," he said.

One of the objectives of the district administrative set-up was to mobilise local resources in meeting the cost of rural projects in addition to the usual grant-in-aid from the government.

But Dr Yadav said that local resources are "both inadequate and inequitable" to meet the cost requirements of local programmes set by the national government.

Frustrated with the failure of the government's economic planning schemes and approaches to the problem, Dr Yadav has proposed a "target group approach" which would maximise the role of the rural assemblies as the "convergence point" in the planning and implementationjof development projects in the local communities.

Under this scheme, small farmers, tenants and landless labourers would be organised into groups to enhance their collective bargaining power. — Depthnews

CSO: 4220

# GREATER EMPHASIS ON NATURAL GAS TO MEET ENERGY NEEDS

Kuala Lumpur BUSINESS TIMES in English 9 Jan 81 p 6

[Article by David Dodwell]

[Text] BALUCHI tribesmen in western Pakistan have known about and exploited Pakistani oil for centuries. Light condensate oil good enough to light their lamps seeps out of the ground over a wide area.

Yet these resources have only recently begun to be tapped. An alarming rise in Pakistan's oil import bill has added new urgency to the plans to locate and exploit them.

Pakistan's import bill for crude oil and refined products has tripled during the past three years and this year it is expected to reach US$1.5 billion. That is 30 per cent of all imports, and accounts for 50 per cent of export earnings.

It is in large part Pakistan's "chronic propensity to import" — not just oil — that has taken it to the brink of bankruptcy over the past three years. For this reason, the International Monetary Fund (IMF), which has just come to the rescue with a mammoth US$1.73 billion loan to support Pakistan's yawning trade deficit, is calling for a swift programme of import substitution. At the top of the list is a call for the government to exploit indigenous energy resources as fast and as efficiently as possible.

Pakistan's best hopes lie not with oil, but with natural gas. Since the first oil well was sunk in 1874, oilmen have been constantly frustrated by Pakistan's complex underground geological structures. The first oil was struck in 1915 when the newly formed Attock Oil company drilled to a depth of 264 feet in the Potohar Basin just southwest of Rawalpindi. Until 1973, Attock was content to keep its 10,000 barrel-a-day refinery ticking over. The difficulty and expense of drilling new wells told against grander aspirations.

But gas finds, first at Sui in 1952 and later at Pirkoh and Dhodak (all in Baluchistan) have offered greater promise.

Sui has proven reserves of 5 billion cu ft and provides 670 million cu ft a day of natural gas. The quality of the gas is excellent — about 85 per cent methane. Supplies are expected to last until the end of the century.

Pipelines north and south from Sui already supply homes and industries from Karachi to Peshawar. A new pipeline will by 1983 take gas west to Quetta. At the same time, using loans from international aid agencies such as the Asian Development Bank and the World Bank, existing pipeline routes are being augmented. The Pirkoh field, 72 km north west of Sui is to be integrated with Sui, adding 120 million cu ft a day to the national "gas grid."

Exploration at Dhodak is still not complete, but early findings suggest reserves of up to 4.5 billion cu ft. At present Sui meets more than 90 per cent of Pakistan's gas consumption.

Effective exploitation of the Sui field has greatly increased the importance of natural gas in meeting indigenous commercial energy needs. By June last year, gas accounted for almost 36 per cent of energy consumed, with oil accounting for 37 per cent. By 1990, the government expects to meet 56 per cent of energy needs with natural gas, reducing reliance on oil to 28 per cent.

Much of the gas is used in general industry — about 30 per cent — with 28 per cent used in power generation. A further 30 per cent is used in the manufacture of fertilisers and cement.

Just 7 per cent is used in the home for cooking and lighting (only 2 per cent of the homes in Pakistan are piped for gas) but this is likely to change. This is because the main fuel used in the home is kerosene — almost all of which Pakistan has to import. The policy of trimming oil imports inevitably means a shift to fuels like liquid petroleum gas or compressed gas in bottles.

Pakistan's oil reserves are far from insignificant: about 500 million barrels are thought to be recoverable. Most is likely to come from the Meyal field in the Potohar Basin, which has now begun production, or from Dhodak.

Exploration for oil has been slow for a number of reasons. While complex geological structures made drilling notoriously difficult, most of Pakistan's fields are in physically hostile desert areas. The fields are not large enough to offer attractive export prospects to international oil companies. Recovering the oil was until recently thought to be too prohibitively expensive to justify even seismological surveys.

Opec's pricing strategy over the past six years has changed all that, and multinational companies have begun to show active interest in joining the government's oil search.

Burmah Oil, which was responsible for the early exploitation of the Sui gas field, has been in Pakistan since before the separation from India in 1947. Most of the others have come after initiatives by the government-created Oil and Gas Development Corporation (OGDC).

Since the OGDC's formation in 1963, Union Oil, Texas, Murphy, Marathon and Husky Oil have taken out concessions. Gulf Oil, Amoco, Occidental and most recently BP, have entered into joint ventures with the OGDC, in some cases with the World Bank providing financial and moral support to the foreign investors.

As a result, exploration activity has expanded from a drilling

average of one well a year up to 1975 to a current average of more than eight a year. About 30 wells are currently being drilled, nine of them exploratory.

At present Pakistan produces between 10,000-12,000 barrels of oil a day, meeting about 9 per cent of current needs. The aim is to increase output to 15,000 b/d by the end of this month and 20,000 b/d by June 1982 — about 17 per cent of domestic needs.

Pakistan currently imports only 22 per cent of its refined oil products — the rest are refined domestically. But it is hoped that by 1983 it can be almost self sufficient in refined products.

That will be achieved not simply by increasing refining capacity, which currently stands at 5.2 million tonnes a year, but also by curbing demand for "deficit products" — mainly diesel, kerosene and light distillates. Demand for kerosene fell by 16 per cent this year — no doubt in large part a response to a doubling in the price.

Plans to curb petrol and diesel consumption are based on two experiments now under way to convert cars to liquid petroleum gas. It is hoped that by 1983 a large proportion of commercial lorry traffic (the transport sector consumes 27 per cent of all commercial energy) will be fuelled by gas.

At the same time, Pakistan is expected soon to be self-sufficient in fertiliser and cement (imports currently cost around US$300 million). Indigenously produced natural gas will be used as the feedstock and fuel for both industries.

Fortunately Pakistan needs little oil for electricity generation. The massive Tarbela dam currently produces 700 MW and by 1985 should be producing double that. With other smaller hydro-electric plants, including those at Mangla and Warsak, hydro power this year met 58 per cent of the country's electricity needs. Thermal power — 98 per cent of it fuelled by gas — met all but 1 per cent of the rest.

Pakistan has small coal reserves — about 477 million tonnes — most of it around Lakhra in the Sind. Production amounts to around 1.4 million tonnes a year. One small thermal station is powered by coal and coal meets about [illegible] per cent of all energy needs.

Pakistan also has one nuclear power station, operating outside Karachi. It provides 0.7 per cent of the country's electricity. Controversy attracted to plans for a nuclear processing plant has greatly exaggerated the importance of nuclear power in the country. While there are unspecific long-term plans to develop nuclear power, in the short term, the contribution of nuclear energy will remain negligible.

Potential savings on the oil import bill could be high if the targets are met. One senior official in the Ministry of Petroleum and Natural Resources predicts a cut of between 25 and 30 per cent in oil imports by 1985. At current prices, this would save about US$350 million a year. In addition, self-sufficiency in fertilisers and cement will trim US$270 million from the import bill.

Pakistan is an exporter of certain "surplus" oil products — primarily furnace oil and naphtha. As it relies more heavily on gas in industry and in the manufacture of fertiliser and cement, so it will be able to boost these exports, again reducing its trade gap.

Plans to shift Pakistan's energy consumers away from oil and wean them on to gas are being introduced at a time when demand for energy is growing rapidly — estimates vary from 5 to 6 per cent a year. Such growth is both natural and desirable, since the government is trying to broaden the country's industrial base and enhance productivity in agriculture. If Pakistan is to struggle out of the poverty trap that has gripped it for so many years, then rapid industrial expansion is essential, even if the price, in terms of spending on energy, is a heavy one.

— FT

CSO: 4220

GOVERNMENT TO SEEK LOAN FOR MINING PROJECT

Kuala Lumpur BUSINESS TIMES in English 24 Dec 80 p 16

[Text]

THE Papua New Guinea government will approach banks in mid-1981 for a US$70 million (M$154 million) Euroloan to use towards the OK Tedi gold and copper mining project, Finance Minister John Kaputin said here.

In addition, informed sources said the consortium of companies involved in the project are negotiating a Euroloan of about US$100 million (M$220 million), and will probably award the mandate around next February.

Companies involved in the project are BHP Co Ltd of Australia which has a 30 per cent stake, Amoco Minerals Co of the US (30 per cent) and Kupferexploration-Gesellshaft MHB of West Germany (20 per cent). The PNG government holds the remaining 20 per cent.

Mr Kaputin was speaking after the signing of a US$75 million (M$165 million) eight-year general purpose Eurocredit.

The loan, organised by Chase Merchant Banking group, carries interest at

HONG KONG, Dec 23

% over London Interbank Offered Rate and has a five-year grace period.

The loan, PGN's third entry into the Euromarkets, is managed by a total of 11 banks.

Mr Kaputin said the government has almost completed negotiations with the consortium companies on the OK Tedi project. Construction is due to begin next year and the first revenue is expected late 1985 or 1986.

The PNG government will provide just over US$100 million (M$220 million) towards the project, including around US$70 million (M$154 million) for construction of a road between the mine and port and around US$35 million (M$77 million) cash, out of a total cost of between US$750 million and US$1 billion (M$1.65 and $2.2 billion), he said.

Informed sources said the financing structure of the project has yet to be finalised and the exact size of the consortium's Euroloan will depend on how much can be raised through government export credits. — Reuter

CSO: 4220

## EXTRADITION TREATY WITH U.S. URGED

Manila BULLETIN TODAY in English 2 Feb 81 pp 1, 10

[Text] Foreign Minister Carlos P. Romulo stressed yesterday the need for the conclusion of an extradition treaty between the Philippines and the United States.

In a wide-ranging discussion of bilateral issues with US Ambassador Richard Murphy who called on him at Padre Faura, Romulo said that an extradition treaty has become even more necessary in view of the unrestrained flight of Filipino criminals to the US where they seek refuge from jurisdiction of Philippine courts.

Under the treaty, a national of one country may be extradited to the other country to face charges for specific crimes mutually agreed upon to be extraditable.

The treaty, Romulo emphasized, will not include political offenses but only crimes against persons, property and honor.

The foreign minister also discussed with the American ambassador the desire of Filipino physicians holding H and J visas in the US that the law requiring them to pass a visa qualification examination in addition to their passing the examination given by the medical commission for foreign medical graduates be amended to exclude them from the above examination since they are already practicing their profession after having passed the federal licensing examination.

Romulo also told the American ambassador of the Philippines' desire to proceed with the construction of the nuclear power plant in Bataan. Because of delays due to public hearings and studies, additional financing is now needed for the completion of the plant. Romulo expressed the hope that the Reagan administration would consider favorably Philippine request for additional funding.

The foreign minister also informed Murphy that as a member of GATT, the Philippines extends most-favored-nation treatment to American products imported into the Philippines. He expressed the hope that the US would extend adequate and competitive financing to export to the Philippines through the Exim Bank under PL 480, and through other facilities.

CSO: 4220

## OVERSEAS REMITTANCES REACH 1.8 BILLION

Manila BULLETIN TODAY in English 28 Jan 81 p 9

[Text]

More than half a billion Filipino contract workers overseas remitted a record $1.4 billion in foreign exchange earnings, profits and cost of ancillary services during the past year, according to a labor ministry report.

Minister Blas Ople, who disclosed the report, said the $1.4 billion in foreign exchange remittances from Filipino workers abroad last year contrasted with only $1 billion remitted during 1979.

He foresaw a brighter picture this year as more Filipino workers and entrepreneurs are leaving for overseas, particularly the Middle East, under the government's corporate package program.

This program encourages major Filipino construction companies to bid for contracts abroad, especially the Middle East, and to set out with a full complement of Filipino workers, together with building equipment and supplies.

Ople predicted that in three years' time, the number of Filipino contract workers overseas will double. There are at present an estimated 500,000 Filipino contract workers abroad, 140,000 of whom are in Saudi Arabia and other Middle East countries.

There are 800,000 more Filipinos overseas either as immigrants or permanent residents. The bulk of these are in the United States, Canada, Australia and United Kingdom.

Considering the demand for Filipino workers abroad, the labor minister said the foreign exchange remittances from their earnings will hit a new high this year.

These remittances, according to Ople, help the government offset its balance of payments difficulties.

The labor minister allayed fears of some industries that the manpower export program had been dissipating skills critically needed by the economy, saying the overseas employment of Filipinos is being matched by a national manpower training program to create a pool of skills.

He pointed out that contract workers also have a definite term of employment abroad and are bound to return to their country with better or upgraded skills which they can put to good use in their respective communities.

The minister also cited the fact that Filipino workers are highly literate and trainable and therefore can assimilate new skills easily to guarantee a continuing supply of workers for the economy.

CSO: 4220

## WORLD BANK URGES ACTION ON POVERTY

Manila BULLETIN TODAY in English 29 Jan 81 p 10

[Text]

A World Bank report on the poverty problems in the Philippines has strongly urged the Philippine government to focus on relatively short gestation programs and projects benefitting both the urban and rural poor while at the same time pursuing the long-term strategy of sustaining a high economic growth rate, reduction in population growth and expansion in industrial employment.

Noting that a "very large proportion of the population still lives in poverty" despite the various government programs which were intended to alleviate the problem, the WB report said that "the ultimate solution" lies in the transformation of the Philippine economy.

Among the short-term measures recommended by the report to help alleviate the problem which it described "pervasive" is to increase the productivity of the small and upland farms by improving the farmer's access to technology, extension, inputs and markets.

The report noted the "determined efforts" made by the government in recent years to deal with the poverty problem. It cited the rapid economic growth, expanded agricultural production and domestic food supply increased real public investment in infrastructure and basic services, and a regional planning framework.

'However these efforts have not yet had a major impact in terms of reducing poverty in the Philippines because of the deeply rooted historical origins of poverty, the rapid growth in population, the slow growth of manufacturing employment, the necessarily long lead times for some public investments, and the lack of improved technology for rain-fed agriculture."

"Although the broad directions of government policy are right," the WB report pointed out, "they need to be strengthened and more closely focused on poverty alleviation measures."

The long-term trend in the level of poverty in the Philippines appears to be downwards, the WB report concluded. However, it said that there was no "significant improvement" during the last decade or so, and poverty incidence at the end of the 1970s was still "relatively high."

"Poverty is pervasive across occupations, sectors and regions, but certain regions and groups have a very high poverty incidence," the report added.

The WB report stressed that the performance of government programs aimed at alleviating the poverty problem has been "quite impressive" but it also suggested that in some cases these programs would benefit from additional resources, reduced standards, better coordination among government agencies, stronger administrative capability of these agencies, greater decentralization of responsibility, improved geographical balance and creation of stronger local organizations

Among the programs that got a good rating from the WB report are: population control, nutrition health services, water supply and sewerage slum upgrading and shelter basic education, and labor-intensive construction projects.

It said that while the government has succeeded in expanding programs to meet basic needs, it has been less successful in providing regional balance in public investment which is still overly concentrated in Metro Manila and Central Luzon.

The WB report stressed that future development strategy must be regionally-focused to the other regions where poverty is more severe. These regions are central Visayas, eastern Visayas, Bicol, northern Mindanao, and Cagayan valley.

It recommended that priority be placed on agricultural and rural development since three-fourths of the poor lived in rural areas.

This program must include stronger and comprehensive strategies for rice and corn production, multiple cropping, assistance to fishermen, improving access to land, diversification of farming, etc.

At the same time, the industrial sector must be able to maintain a high growth rate to raise the average income of wage earners, absorb additional labor force, and hike productivity, the report emphasized.

The WB report noted that the type of industrial development strategy required for poverty alleviation is already being implemented by the government. "But while working out the details of the (industrial) strategy and putting it into operation the government's main priority should be to promote labor-intensive, employment-creating industries" it said.

CSO: 4220

WORLD BANK COMMENDS NATION'S STABILITY

Manila DAILY EXPRESS in English 4 Feb 81 pp 1, 6

[Text]

LOANS by the World Bank to support Philippine development projects will increase as a result of the country's "impressive" record in managing the economy during the difficult years of the seventies.

This was said by S. Shahid Hussain, vice president for East Asia and the Pacific of the International Bank for Reconstruction and Development (World Bank), in a press statement he issued during the World Bank's consultative meeting on the Philippines in Paris Jan. 29-30.

The statement, he said, was made to "set the record straight" in the wake of "misleading" articles on the World Bank assessment of the Philippine economy and the bank's lending plans for the country.

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IN HIS STATEMENT, Hussain cited the Philippine record of economic growth in the seventies as "one of the most impressive in the developing world" and expressed "great confidence in the country's ability to face up to the challenges and problems of the next ten years."

"Although the Philippines faced massive problems in the early 1970's, strong economic management has made possible substantial improvement in the rate and structure of economic growth," Hussain said.

HUSSAIN listed the country's economic achievements as follows:

1. Acceleration of the trend rate of growth from 5 percent to 6 percent.

2. Expansion of agricultural production at 5 percent per year – one of the highest rates in the developing world – and achievement of self-sufficiency in rice, the country's staple food.

3. Increase of fixed investment from 16 percent to 25 percent of the Gross National Product (GNP) or the total value of goods and services produced in the country, with the share of public investment increasing three-fold from 2 percent to 6 percent of GNP.

4. Doubling of the growth rate of exports in real terms from 5 percent to 10 percent per year, with the share of non-traditional exports rising from 7 percent to 46 percent.

5. The launching of a number of important programs in rural water supply, transportation, and electrification; in urban development; and in health and family planning.

6. Disciplined monetary and fiscal management, which has "become a tradition."

7. Strengthening of key institutions in the public and private sectors.

8. Reduction of the rate of population growth by one-fifth, from 3 percent to 2.4 percent.

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"THIS RECORD is one of the most impressive in the developing world," Hussain said, adding that it was achieved under conditions "which can at best be described as difficult."

These difficulties, he said, included two oil crises, two major world recessions and a sharp rise in inflation worldwide, rising protectionism among the industrial countries, and the fall of prices for Philippine exports.

The World Bank official noted "substantial" further progress in the management of the Philippine economy, mainly in the form of industrial and financial reforms, last year.

He mentioned the launching of a major industrial reform program and financial reforms which included the lowering of tariffs and other protective trade restrictions coupled with comprehensive improvements in export incentives, reforms in banking laws and regulations to increase the competitiveness, flexibility and efficiency of the financial system, and the revision of interest rate policy to eliminate distortions and establish market-oriented rates.

CSO: 4220

# CENTRAL BANK REPORTS 1979 BALANCE OF PAYMENT FIGURES

Kuala Lumpur BUSINESS TIMES in English 15 Jan 81 p 1

[Text]

THE Philippines international reserves as of Jan. 9 stood at US$3.041 billion (M$6.69 billion), enough to cover four to five months of imports, a government report said.

A Central Bank report to President Ferdinand Marcos said that if the country's gold reserves are quoted at current world prices, it could mean an additional US$1.18 billion (M$2.6 billion) reserve buildup that could wipe out the country's balance of payment deficit.

The payments deficit, according to bank governor Gregorio Licaros, was US$490 million (M$1.08 billion) at the end of 1980.

He said the decade ended with the diversification of the Philippine export market with 36 per cent of exports sold to the United States and Japan and the rest of Europe and the Middle East.

In the early seventies, American and Japanese markets accounted for 80 per cent of Philippine exports.

A January to November 1979 bank report indicated the country improved its balance of payments registering a US$342.83 million (M$753.79 million) deficit, down from the US$830.73 million (M$1.17 billion) shortfall suffered during the same 10-month period of the previous year.

Bank statistics also show the trade imbalance was reduced to US$1.448 billion (M$3.18 billion) from the comparative US$1.58 billion (M$3.48 billion).

Export receipts amounted to US$4.288 billion (M$9.43 billion) at the end of November but these gains were not enough to compensate for import payments, largely accounted for by increased oil prices of US$5.734 billion (M$12.61 billion).

For November alone, trade balance was in the enc at US$171 million (M$376.2 million), higher than the deficit of a year ago of US$126 million (M$277.2 million).

The country bought imported goods valued at US$499 million (M$1.1 billion), more than what was sold for US$328 million (M$721.6 million).

From January to November, mineral products emerged as top dollar earners garnering export receipts of US$1.08 billion (M$2.35 billion) with copper concentrates earning the highest at US$626 million (M$1.38).

Income from gold shot up from US$91.29 million (M$200.84 million) to US$208.4 million (M$458.48 million), and nickel from US$28.2 million (M$62.04 million) to US$146.46 million (M$322.21 million).

With the government's emphasis in exporting more non-traditional products rather than the traditional ones like copra and sugar, the non-traditional sector improved its standing to become the second biggest dollar earner.

Non-traditional items like garments, textiles, and electrical equipment, altogether earned US$1.074 billion (M$2.56 billion).

Coconut products poured in US$696.12 million (M$1.83 billion) with coconut oil and copra earnings declining to US$465.14 million (M$1.02 billion) and US$61.34 million (M$134.95 million) from US$664.85 million (M$1.46 billion) and US$106.71 million (M$234.76 million) respectively.

Sugar increased its export receipts by more than 100 per cent. — UPI

CSO: 4220

## CONGLOMERATES ATTRACTED TO BANKING OPERATIONS

Kuala Lumpur BUSINESS TIMES in English 17 Jan 81 p 6

[Article by Leo Gonzaga]

[Text]

TWO OF the biggest local business groups which are not yet in commercial banking are going there. One group, led by the Ortigas family, has just organised the Urban Development Bank (UDB) which, initially, will engage in development banking but later is expected to move into commercial banking.

The other group is headed by the Soriano Brothers. Its recently established Anscor Finance Corporation (AFC) has now expanded from financing to investment banking. Commercial banking is probably also its next stop.

If that is indeed the destination, they will be joining a number of fellow "biggies," two of which made significant moves not long ago. One is the Herdis group of companies, the other, the Ayala group. Last July, Herdis acquired the 80 per cent holdings of the Orosa family in the International Corporate Bank. Earlier, the same group bought from the same family the majority interest in Atrium Corporation — an investment bank — as well as in Asia Pacific Capital Corporation — a financing entity.

In the case of the Ayala group it has just purchased Commercial Bank and Trust Company (Comtrust) from the Marquez family and other stockholders. The group is now in the process of merging Comtrust with an old corporate acquisition, Bank of the Philippine Islands (BPI), with the latter as the surviving banking institution.

BPI itself early in the last decade merged with and absorbed another banking institution, People's Bank and Trust Company. Apart from the enlarged commercial banking arm in the merged BPI-Comtrust, the group has an investment bank, Ayala Investment and Development Corporation.

Based on return on investment (ROI), commercial banking in the Philippines is perhaps not particularly attractive. Financial statements of the 28 private Filipino-owned banks last year show that the ratio of net profit to capital ranged from a minimum of 5.9 per cent for Republic Planters Bank to a maximum of 28.9 per cent for United Coconut Planters Bank (UCPB). The latter figure is generally considered in the banking community as a statistical deviation, the result mainly of market and policy factors unique to UCPB. The next best was 18.9 per cent for Allied Banking Corporation.

What probably makes commercial banking a lure, at least to conglomerates, is the fact that it can complement their multitude of business operations. And there are built-in opportunities for the commercial banking arm of each group. For example, AFC can prosper by merely servicing the in-house needs of the group headed by the Sorianos.

Two of the group members, Atlas Consolidated Mining and Development Corporation and San Miguel Corporation, were in the list of the "Top Five" corporations last year in sales and net profits. Being a depository of Atlas Consolidated and San Miguel alone should give a strong enough fund leverage to AFC, if and when it moves to commercial banking.

Besides, both group members are considered prime borrowers, able to get "clean loans" both here and abroad. Managing, or at least taking part in, raising such loans could bring handsome profits.

The same considerations are perhaps behind the setting up of UDB by the Ortigas-led group, and the various corporate acquisitions made by the Herdis group and the Ayala group in the banking-finance field.

The adoption of universal banking or generalised banking as replacement for the existing specialised banking system adds to the logic of going into commercial banking, as far as conglomerates are concerned. A unibank is allowed to perform the functions not only of a commercial bank, but also those of an investment bank and even of a stockbrokerage company either as an in-house activity or through a subsidiary. Its investments are no longer limited to banking and finance-related areas; a bank can take an equity position in a non-related business once it is given a unibanking licence by the Central Bank (CB) monetary board.

For any banking institution to qualify as a unibank, however, it must, among others, have at least 500 million pesos (roughly US$66.8 million) in shareholders' funds.

Complying with the minimum capitalisation requirement is not enough. The bank must satisfy CB that it is financially capable, based on two previous years of operations. It must submit proofs of the competence and integrity of its prin-

cipal officers and directors as well as proofs of compliance with banking laws, rules and regulations. It must show profitable operations for two years before seeking a unibanking licence.

Scaling the capitalisation heights has proved to be no deterrent to many banks. BPI, and at least five other private Filipino-owned commercial banks, have declared clear indications to go into unibanking next year.

The combined net worth of BPI and Comtrust amounts to 679 million pesos, exceeding the required minimum. The five others trying to recapitalise are China Banking Corporation, with a net worth of 363 million pesos; Equitable Banking Corporation, 325 million pesos; Philippine Commercial and Industrial Bank, 317 million pesos; UCPB, 450 million pesos.

One savings bank, Family Savings, has raised paid-up capital to 300 million pesos in order to advance to commercial banking and eventually unibanking. The same thing is being done by another savings bank, Banco Filipino (BF). Family Savings and BF are the biggest among saving banks.

Bancom Development Corporation, an investment bank, is beefing up the capital of Union Savings Bank. Bancom is engaged in merger talks with Far East Bank and Trust Company (FEBTC) in connection with FEBTC's plan to go into unibanking.

If they are exerting efforts to meet stiff unibanking conditions, it is perhaps because the prospective unibanks realise that the rewards are tempting enough. Apart from the expanded area of financial manoeuvre, they are assured of priority in the access to CB liquidity mechanisms, principally the so-called rediscount windows. There, a bank can borrow against the loan papers of its client.

Universal banks can also look forward to a lower tax or even exemption from the tax on loan interest earnings, but this is only if it lends long term or at least medium term. The enabling Fiscal Incentives Bill, however, is still being awaited from the interim National Assembly.

As at time of writing, the possibility is that President Ferdinand Marcos may grant the incentives by decree, unless the Assembly enacts the Bill within the next week or two from resumption of session, which was on Oct. 27.

The Presidential impatience is attributed to the continuing bias of banks in favour of short-term instead of medium-or-long-term lending. It is believed that only the fiscal incentives can change that bias.

CB has adopted a floating system of interest for long-term loans. But because it does not want borrowing costs to go up abruptly, its current pricing of funds hardly encourages long-term lending. CB sets a Manila Reference Rate (MRR) every half-month as flexible base for a fixed 3 per cent per annum interest spread.

For the second half of October, MRR is 16.25 per cent; with the spread, the floating interest comes to 19.25 per cent. This is for loans maturing in over four years. The rate is lower than the 21 per cent fixed interest on loans maturing in over two years to four years. While it is higher than the 18 per cent fixed interest on loans maturing in two years or less, the rate differential is more than offset by the maturity gap.

A CB committee has been reviewing the interest rate structure with a view to making changes in such a way as to induce banks to take longer positions. The results of its work and its recommendations are not yet known.

Also still a question mark up to now is the official thinking on the issue of whether a foreign bank branch here can go into unibanking. There are such branches — those of Bank of America and Citibank (both American), Chartered Bank, and Hongkong and Shanghai Banking Corporation (both British).

CB allows an already existing foreign bank investor in a local bank to increase its investment if the latter recapitalises for purposes of getting a unibanking licence, provided the prescribed ceiling on such investment (30 per cent in general, 40 per cent case to case) is observed. The foreign bank concerned thus becomes a minority participant in unibanking. There are seven such bank investors.

With the backstop of their head offices, the four foreign bank branches can easily satisfy the qualification conditions for expanded operations. But it seems that the implications of areas covered by such operations extend beyond CB jurisdiction. — FT

CSO: 4220

ECONOMIC GROWTH RATE AT LOWEST POINT IN DECADE

Kuala Lumpur BUSINESS TIMES in English 8 Jan 81 p 20

[Text]

MANILA, Jan. 7

THE Philippine economy grew 4.7 per cent in 1980, the lowest rate in a decade, because of oil price increases and other factors beyond the government's control, Economic Planning Minister Gerardo Sicat said yesterday.

In his annual economic report of President Ferdinand E. Marcos, Mr Sicat said that the gross national product (GNP), grew to 92.9 billion pesos ($36.88 billion) in 1980 from 88.74 billion pesos ($35.67 billion) in 1979.

The GNP is the value of all goods and services produced in a given year. It covers everything from total sales of theatre tickets to payments for imported tractors to dental fees.

Mr Sicat blamed 1980's 4.7 per cent GNP growth, the lowest in the last decade, on "uncontrollable external factors," that included oil price increases, recession in the major industrialised countries, deterioration of the terms of trade (falling export prices against rising import costs), and crop destruction by Typhoon Aring.

Despite 1980's relatively poor performance, Mr Sicat said the Philippine economy averaged an annual growth of 6.4 per cent in the 1971-1980 decade.

"The 1970s were a period of many uncertainties in the world economy, energy price shocks, floating foreign exchange rates, high inflation, and recession," he said.

"On the other hand, the 1960s were a period of cheap energy, stable foreign exchange rates, little inflation, and, above all, a period of buoyant world economic growth."

Mr Sicat said that 1980 missed the 5.5 per cent target by only 0.8 per cent.

He recommended that future government policies should be geared to making industry and agriculture "more competitive and trade oriented."

"Economic expansion, while difficult, can be sustained at a level better than 1980," he said. "The revised growth target for 1981 is a real growth of 5.8 per cent of GNP."

■ PRESIDENT Marcos said yesterday the government will continue to pursue its accelerated energy development programme as a priority to lessen the country's dependence on oil.

Mr Marcos told newsmen that the solution to the ever increasing threat of energy crisis was a policy adopted last year and would be continued this year with emphasis on 11 major industrial projects and development of labour-intensive productive enterprises. — UPI, AFP.

CSO: 4220

# DAM CONSTRUCTION UNDERWAY, PLANNED IN NORTHERN LUZON

## Largest Water Reservoir

Kuala Lumpur BUSINESS TIMES in English 13 Jan 81 p 6

[Article by Bony Bengawan in Ramon]

[Text] SOUTH-EAST Asia's biggest multi-purpose water reservoir — the Magat Dam — is nearing completion in the northern Philippine province of Isabela, some 350 kilometres from Manila.

An army of 3,000 workers, backed by a huge pool of heavy equipment, works on two eight-hour shifts daily on the futuristic "catchbasin" sprawled on a 46-square-kilometre area.

The total cost of the project is estimated at 4.5 billion pesos (US$65 million), so far one of the most expensive infrastructure projects of the Philippine government.

Magat Dam dwarfs even the much larger 480-million rupee (US$70 million) hydro-electric project of the Indian government in the Kantpuzha River in southern Kerala state, in power-generating capacity and in the area it can irrigate.

The Indian dam project would irrigate only 10,000 hectares, mostly in the agricultural centre of Palghat District, compared to Magat's 102,000 hectares.

The Kerala state project will generate 129 megawatts compared to Magat Dam's 540 megawatts.

Magat Dam is scheduled to be fully operational by late 1983, but Ministry of Energy officials told *Depthnews* that work on the project is way ahead of schedule so that it could be completed in 1981. This projection is supported by officials of the US Agency for International Development (USAID) and the US Bureau of Reclamation (USBR), both of which are working closely in the Magat Dam project.

The early stages of project development included the construction of two diversion tunnels each measuring 12 metres in diameter and 630 metres long.

The tunnels were bored through a rocky mountain.

Spanning a crestline of 4,160 metres with a baseline of 114 metres above water level, Magat Dam can store 1.25 billion cubic metres of water, or discharge 30,000 cubic metres per second.

With a generating capacity of 540 megawatts, Magat Dam can save for the Philippines approximately US$90.3 million annually in imported oil computed at US$26 per barrel.

Ministry of Energy officials said that it takes 3.00 million barrels of oil to produce 540 megawatts.

Power from the Magat Dam will be added to the existing output of the Ambuklao and Binga Dams, which have a combined generating capacity of 175 megawatts.

Ambuklao and Binga are the country's two major hydroelectric superstructures serving Luzon island.

With the completion of Magat Dam, the government hopes to utilise hydro-power in increasing agricultural production in Luzon, the Philippines largest island, from two to five times a year at four tons per hectare.

Three-lane transportation arteries, opened earlier to allow the passage of heavy equipment to the project site, will be used to transport agricultural products in the areas covered by Magat Dam.

Sometime in 1981 when the kilometre-long Magat Dam spillway would have been completed, the superstructure will become one of the busiest projects for development in irrigation and sources of portable water.

Built on a typhoon-belt zone, the Magat Dam is being constructed to withstand earthquakes and typhoons. Its earthquake-resistance capacity is twice that of existing dams in the country.

Altogether, the dam will need 30 million cubic metres of materials, including 1.3 million cubic metres of concrete to hold water in its reservoir.

The International Bank for Reconstruction and Development (IBRD) has earmarked an additional US$256 million in loans to cover life-sustaining requirements of the project, which will serve the country for 100 years.

But despite earnest government community relations efforts to convince the residents that they would be better off with the project, local resistance has not been completely subdued.

There have been reported cases of violence perpetrated by residents spawned by the project.

Mr Gerardo U. Salamanca, chief of the resettlement and reservoir division of the Magat Project, said that resettlement of the affected residents will be made ahead of the completion date of the structure to avoid violence.

The government, aware of its sad experience when infrastructure projects triggered violence from affected residents, is raising the ante in its effort to win the people's backing, or at least tolerance of the project.

Co-operatives are going to be established, exclusive schools for the children of the displaced families will be built and cottage industries will be set up to boost people's income.

The government has prepared elaborate plans to help minimise quake-related damage to life and property in the project area. By relocating residents from quake-prone areas to "safer grounds," the government hopes to reduce, if not avoid altogether, the losses if life due to calamities. — Depthnews

# Highest Dam

Kuala Lumpur BUSINESS TIMES in English 14 Jan 81 p 6

[Article by Adlai Amor in Manila]

[Text]

THE Isnegs, like the other highlanders of Northern Luzon, have a tale telling of a great and destructive flood:

"...There was a flood. Many people and animals were drowned. All the high mountains were covered with water. Only the top of one mountain was not covered with water. The top of this mountain was full of people and many kinds of animals...Some were floating on the water. They had no place on top of the mountain..."

The Isnegs (or Apayaos) thought that they would be spared from this watery fate which will befall their tribal brothers, the Kalingas and the Bontocs, once the controversial Chico River Dam will be constructed. But now, it seems as if they will be first.

While attention has been focused on the Chico River project, the government-owned National Power Corporation (NPC) is silently pursuing the implementation of a bigger hydro-electric project in the heart of Isneg country.

The feasibility studies have long since been finished, the dam designs are completed, the money from the Japanese government is available and the construction is scheduled to start in April 1981. But the residents of Kabugao, the provincial capital of Kalinga-Apayao subprovince, have not even received any official word from the government.

"The townspeople are alarmed and some opposition is appearing," according to Samuel Capistrano. He led a five-man fact-finding team sent by the National Council of Churches in the Philippines (NCCP), a Protestant group.

"Even the regional officials of the Ministry of Public Information do not know anything about the dam," Mr Capistrano added. Their inquiries have been met by silence.

"I cannot say anything until the go-signal for the project will be given by President Marcos," said Leoncio Santos, a high-ranking NPC official. "If he says okay, then we will officially inform the people."

This mysterious dam is the Abulug River Hydro-electric Project. It will harness the power of this wild river in Kalinga-Apayao as it surges 180 kilometres into the South China Sea.

The NPC has identified eight potential dam sites but they plan to construct only a series of four dams. When completed, four dams will generate more than 1,800 megawatts of electricity during its peak (1 megawatt equals 1,000 kilowatts.)

The largest of these dams — the Gened Dam — will produce roughly less than one-seventieth of the total energy produced in the year 2000 for Luzon, the Philippines' largest island. It will, however, mean considerable savings in oil consumption.

The Gened Dam — named after its location in Kabugao, some 400 kilometres north of Manila — will be built starting April 1981. None of the three other Abulug River dams is scheduled to be built within the next 10 years.

When finished in 1988, the Gened Dam will supply more than 800 megawatts of electricity per hour. This is roughly equivalent to the capacity of the Philippines' only nuclear plant.

Aside from power generation, the dam will also irrigate more than 18,000 hectares of rice fields in the poverty-stricken lowlands of Apayao and adjacent Cagayan province.

In terms of irrigation capacity, however, the controversial Chico River Dam will water more farms — a total of 49,000 hectares. It is also cheaper, compared with the Gened Dam's total cost of 4,618 million pesos (US$638 million). NCP engineers say that the cost will even be higher when finished.

The Chico River Dam — originally planned as a series of four dams — is scheduled to be built sometime in the 1990s. This dam will have a capacity of only 400 megawatts. The Chico River flows parallel to the Abulug River.

Kabugao itself is isolated and the entire subprovince is lightly populated. Very few roads traverse the steep mountains and people travel on flat-bottomed boats up the Abulug River.

Although Kabugao is located on a branch of the so-called "Philippine Fault," the NPC engineers say that there is no danger from earthquakes.

Their latest study states: "Adverse environmental and biological impacts which can't be avoided do not appear to be serious enough to justify the project to be discontinued or delayed."

When finished, NPC engineers say that the concrete arch dam — at 178 metres high — will be the "highest in Asia." This will create a reservoir of over 9,400 hectares.

NPC surveys show that 980 families or 75 per cent of Kabugao's population will have to be resettled. The poblacion (town centre), which is only 18 kilometres from the dam site, will be submerged under 100 feet of water.

Kabugao has been pinpointed by anthropologists as the cultural heartland of the Isnegs, who, like the Kalingas and the Bontocs, successfully resisted colonization until the early 1900s.

The Isnegs live primarily in settlements along the Abulug, quietly farming their small plots of land. In 1975, they numbered 18,928 of which nearly half live in Kabugao. The others live along the Abulug River in areas that will also be inundated once the upstream Agbulu Dam will be built — perhaps in 1990.

The Philippine government plans to resettle the displaced families far below the Gened Dam. There were four sites, but the government finally chose one near where a road will soon be built.

The best offer they can give to the displaced families is 600 square metres for a house and two hectares for a farm. The government plans to spend 116.7 million pesos (US$16 million) to resettle the people, including more than 17.2 million pesos (US$2.4 million) as compensation for their submerged lands and homes.

However, the team sent by the National Council of Churches in February and August last year says that the displaced farmers will need at least seven hectares of land to support their families.

"But if given a choice, many told us they would rather oppose the dam," said Samuel Capistrano, team leader.

He hastened to add, however, that it is not the object of the NCCP "to fan the flames of a growing opposition."

"What we are mainly concerned now is to ensure that the displaced families will receive adequate economic and social compensation," Mr Capistrano said.

Since 1979, the townspeople and the NCCP have been asking for a dialogue with the National Power Corporation. If the NPC agrees — which they have not yet — it may avert another controversy and bloodshed like that of the Chico Dam. — Depthnews

CSO: 4220

# RECONCILIATION PROGRAM SPURS DEVELOPMENT OF MINDANAO

Kuala Lumpur BUSINESS TIMES in English 9 Jan 81 p 6

[Article by Lucino Rebamontan in Butuan City]

[Text] VIOLENCE still stalks parts of southern Philippines like an ancient scourge — swift, thorough, unpredictable, deadly and indiscriminate.

But the fratricidal conflict has tapered off from the bloody viciousness of a few years ago to the present uncertain calm.

The lull in large-scale fighting has given the government an urgently needed breathing spell to allow its development plans to take shape in this vast area of soaring conflict and boundless economic potentials.

Since the early 1970s the government has been hard-pressed trying to buy time to redress Muslim grievances over social, political and economic disparities between them and their predominantly Christian brothers.

And as recent events have shown, the government's programme of reconciliation seems to be gathering more momentum in the non-military field than in the trenches.

The development of Mindanao, fueled by massive infusion of domestic funds and foreign loans, is faster than in any part of rural Philippines.

Several Metro Manila-based industries are opening branches in Mindanao in response to the government's programme of industry dispersal. Roads, seaports, bridges and other infrastructure projects have been completed. Many others are on stream — all part of the lavish "pampering" of this vast island dubbed as the "land of promise" in the early 1930s.

The government strategy is to provide every Mindanao resident a little bit of everything, from basic amenities of life to public services, and reduce the grievances of the volatile Muslims into manageable proportions.

Being an agricultural area, the short-term solution appears to be literally rooted in the soil.

It is a strategy welcomed by the majority Christian population, but derided by the hard-core secessionists as a shallow political gimmick that falls far short of their clamour for self-rule.

Moreover in the Muslim view, the government's concern for their plight does not go deep enough to root out age-old grievances over alleged land grabbing perpetrated by Christians and subsequent government neglect.

Unimpressed by the government's development efforts, Muslim secessionists have let it known that nothing short of self-rule the way they want it will be good enough for them and that before that aim is achieved they will continue to wage their anti-government campaign.

The biggest government thrust in the agricultural development programme for Mindanao is the irrigation of vast tracts of riceficlds still being cultivated by ancient and traditional means.

The showpiece for the government's agricultural development effort in Mindanao is the Cotabato-Agusan River Basin Development Programme (CARBDP) of the Ministry of Public Works. Created by presidential decree in 1978, the CARBDP coordinates and supervises the planning and implementation of water and related resources development activities within the Cotabato and Agusan Rivers, Mindanao's two major rivers basins.

The CARBDP covers the two provinces of Augusan (Augusan del Norte and Agusan del Sur), Bukidnon and Cotabato with a combined irrigable land of about one million hectares.

The bill for the whole development package is astronomical. Irrigation projects alone will cost close to 2 billion pesos (US$274 million) in five years, the hydro-electric projects in the area are expected to cost even more.

The project area has been divided into several sections for monitoring purposes. Nine projects are already on stream and will be completed not later than 1984.

In Agusan del Norte, the Aguasan I project in Bayugan and Bunawan involves the construction of two irrigation systems which will divert water from the Anuanan and Simulao rivers to an 8,730-hectare riceland.

The Agusan II project in Cabadbaran, Agusan Norte, Butuan City and Prosperidad and Rosario, Agusan Sur involves the construction of three irrigation system along the Cabadbaran, Gibong and Simulao rivers.

In Valencia, Bukidnon the Pulangi River irrigation system will irrigate 12,000 hectares of agricultural land. The project is scheduled to be completed this year.

In another area in Bukidnon, workers have started constructing a 1.2 billion peso (US$164 million) hydro-electric project which is envisioned to supply the Mindanao grid with a generating capacity of 250 megawatts.

By late 1983 or early 1984, the government's programme to develop Mindanao shall have taken firm roots. But whether such a massive effort lavished on a particular part of the country will mollify an aggrieved minority and help hasten the termination of an insurrection remains to be seen. — Depthnews

COMPLAINTS OF ABUSE OF CIVILIANS BY MILITARY

Kuala Lumpur BUSINESS TIMES in English 6 Jan 81 p 6

[Article by Jeremy Foye in Manila]

[Text] CHARGES that military abuses against civilians in the southern Philippines are on the increase despite a declining conflict with Muslim guerillas have been made by an organisation which specialises in documenting such cases.

"Mindanao — Bleeding Land" is the work of Task Force for Detainees of the Philippines (TFDP) in the main southern island of Mindanao. It is part of nationwide efforts by such religious-backed groups and others to keep watch on the military during eight years of martial law rule.

The report, printed in October but made available here only recently, lists in detail 69 military operations which it says took place between July 1979 and last August, in which it says 108 civilians died.

"Though these reports are incomplete, these are enough to indicate a continuing 'war situation' in Mindanao," said the TFDP which has people, mainly Catholic church members, scattered around the Philippines collecting data and helping individuals assert their rights.

"These 69 military operations are documented and they range from aerial bombing, artillery barrage, 'search and destroy' operations and raids in the countryside" it states.

Such operations, the report said, "seem to provide the military with opportunities to commit abuses on the civilians." It added that some of the cases involved encounters with either Muslim or Communist guerillas.

Government troops have been waging an eight-year struggle against the Moro National Liberation Front (MNLF) which seeks greater autonomy for the south. Most of the Muslims in the mainly Christian Philippines live in Mindanao and neighbouring islands.

But military commanders in the area have stated repeatedly that the conflict has waned in recent years as more rebels leave the hills and join the government side in promoting economic development.

The Communist New People's Army (NPA) has provided a new element to the conflict but again the military maintains that its activities are small-scale and represent no great threat on the road to eventual peace in the area.

Yet TFDP observed that "aside from direct battles or ambuscades involving the MNLF or NPA and government soldiers, an unknown, but more terrifying, war appears to be escalating in Mindanao that pits government soldiers against civilians."

"Some of the military abuses may be termed as outright atrocities," it said. "These include massacres, killings and rape. Reports of torture, looting, extortion, threats and harassments were frequent."

The military authorities in the south and in Manila do not deny that there have been cases of abuses during the eight years since martial law was declared by President Ferdinand Marcos.

But they say these were counter official policy and that the perpetrators were punished when charges could be proved against them. They also say the number of incidents have declined as their men become more committed to the general economic and social development of the region.

The TFDP report expressed particular concern about what it said was the large number of "salvagings" or summary executions: it reports 73 during the period in question.

The organisation also reports 488 political detainees being held in various centres in Mindanao in August, most of whom had not been charged. That figure has now lessened with a large number of releases ordered by Mr Marcos in his run-up to the lifting of martial law later this month.

Another report of 25 alleged military atrocities, this time in only one province of Mindanao around Marawi City, was presented to the national convention of the Episcopal Commission on tribal Filipinos in the central city of Cebu last month.

One of those incidents was alleged to have resulted in the deaths of 15 Muslims, including women and children, at a military check-point in Marawi.

A West German freelance journalist who travelled widely in Mindanao last month also reported hearing tales of harassment from dozens of Muslim families she spoke to in the south. — Reuter

# RESEARCH GROUP FORECASTS WEAK DEMAND FOR EXPORTS

Kuala Lumpur BUSINESS TIMES in English 22 Dec 80 p 18

[Text]

MANILA, Dec. 13

DEMAND for Philippine export commodities will remain weak in 1981 and prices will correspondingly suffer, the Private Centre for Research and Communication forecast.

It said in a series of papers presented to its annual conference *Philippine business prospects continue extremely sensitive to world economic developments.*

In making its forecasts for next year, the centre said it assumed "there will be no serious world shortage of oil in 1981 and that prices will increase at the relatively moderate rate of 20 per cent."

But the centre said the expected US recession would hit hardest at the automotive and housing sectors, two important buyers of such major Philippine exports as copper and wood products.

At the same time increasing moves towards protectionist measures among industrialised countries will lead to a slowing down of growth of non-traditional export products, such as garments, electronic components and finished wood products.

One of the papers said indications were that exports would grow at 26 per cent compared to this year's 33 per cent and 1979's 34 per cent, while imports should grow over 25 per cent compared to 23 per cent and 30 per cent.

Thus the deficit on merchandise trade is expected to reach US$2.2 billion in 1981 from this year's US$1.6 billion and US$1.5 billion in 1979.

The centre noted this year's export performance was propped up largely by sugar and non-traditional exports, while coconut products brought in only US$715 million, 37 per cent down on last year's record US$973 million.

"In 1981, sugar is expected to continue its upward surge in response to favourable world prices," the centre said. "The industry will probably earn as much foreign exchange as coconut products."

Among other traditional exports, only logs and lumber are expected to see improvements, the centre said. Exports of non-traditional items such as electronic components and finished wood products would grow at a slower rate because of reduced world demand, while the import sector would see faster growth.

"As manufacturing and industrial concerns gear up for the much-awaited recovery in 1981, the importation of raw materials and supplies will be stepped up," the centre said.

"There will also be growth in our imports of capital goods, but information of consumer goods may be drastically cut next year." — Reuter

CSO: 4220

POPULATION GROWTH RATE DECREASES TO 2.64 PERCENT

Kuala Lumpur BUSINESS TIMES in English 31 Dec 80 p 17

[Article by Romeo B. Abundo in Manila]

[Text]

FOR A country still grappling with a high fertility problem, a decrease in population growth from a little over 3 per cent to 2.64 per cent can be a feat to crow about. But even at this lower rate, a doubling of the Philippine population, already the 17th largest in the world, to 83.5 million may yet occur in only 28 years.

Largely because of "still relatively high" fertility, Filipinos could number 64.1 million from the present 47.9 million at the turn of the century, says the latest demographic projection of the Philippines' Commission on Population.

Dr Mercedes Concepcion, in her report "The Population Prospects in the Year 2000," said that Filipino women who reached their reproductive period in 1975 had 5.2 children each.

Although this represented a decline from 6.5 children in 1960, births are still likely to come at 3 babies a minute. For the whole of 1980, this can mean 1,515,205 more babies, according to Dr Concepcion.

Given a projected death rate of one every minute or 399,186 in one year, the net addition to the Philippine population this year will reach 1,112,019.

The high projection for the year 2000 places the number of babies born every minute at 5 or 2,605,703 in one year, while the number of deaths is estimated at 4 every minute or 911,086 in one year, or a net addition of 2,094,617.

The Population Reference Bureau (PRB) in its "1980 Population Data Sheet," places the total fertility rate in the Philippines at 5. This is twice higher than the replacement level fertility at which the population of a country stops growing.

In many developing countries, it will take anywhere from 100 to 150 years to reach the replacement level because of their young populations, said PRB.

Philippine projections are that even if fertility level dropped to a little more than 3 per cent the country's total population would still be around 73.4 million at the turn of the century.

"Should women in this country bring into the world some 2.3 children," added Dr Concepcion's projection, "by the time they complete their childbearing, the total population of the Philippines would rise to 64.1 million in the year 2000, 82 per cent larger than the 1975 population."

The time it takes to double the Philippine population is much too short compared with Europe's 176 years, North America's 96 years or Oceania's 61 years, according to PRB's Data Sheet.

Dr Concepcion foresaw more than a doubling of the urban population from its 1975 size at the turn of the century. The rural population also will grow but at a much slower pace, she said.

High growth projections for the country's urban population were 21.6 million in 1980-1985, rising to 26.2 million in 1985-1990, 31.2 million in 1990-1995, and 36.2 million in 1995-2000.

Based on low population projection, the country can still expect a national labour force of over 27.8 million by the year 2000, according to Dr Concepcion.

"This means that even with anticipated downward changes in population processes, the labour force shall more than double from the 1970 figures and even exceed the population of the entire country in 1960," she added.

Happily, factors other than the demographic processes militate towards changing the population structure. Notable among these is the national population programme which, Dr Concepcion said, had contributed to fertility decline.

Growing awareness of the dire consequences of having large families is another factor. Because of this, more Filipino women now are marrying late and opting for smaller-sized families.

While noting the extensive contraceptive knowledge and overall use, the latest population update also underlined findings that a good number of women have not moved to stop child bearing as desired.

"Should these women whose fertility preference are inconsistent with their contraceptive use intentions be properly motivated, the observed decline in fertility can be expected to accelerate greatly in the future," Dr Concepcion said. — Depthnews

CSO: 4720

# NEW TAXES, LOANS TO SUPPORT NATIONAL BUDGET

Kuala Lumpur BUSINESS TIMES in English 29 Dec 80 p 6

[Article by Mallika Wanigasundara]

[Text]

**WHEN** Sri Lanka's Finance Minister Ronnie de Mel tabled the 1981 budget for floor discussion in Parliament recently, he warned the members to brace themselves for a shock.

For one thing, the estimated expenditure was 30.5 billion rupees (about US$2.5 billion) while the estimated revenue was only around 15 billion rupees (US$960 million).

For another, there had been speculation that more taxes would be proposed to meet the fiscal deficit. This, in turn, could inevitably result in the increase of prices of vital commodities.

However, when Minister de Mel finally submitted the outlay, there were no shocks, no jolts.

Cigarettes had become three cents more expensive and a dram of arrack (coconut toddy) had become a few rupees dearer. Other than that, the only sector which might have gotten something of a shock were the pre budget panic shoppers who cleaned up the stores of all manner of electrical gadgets.

However, no additional duties were imposed on the gadgets. Those who stocked up on sugar, flour and kerosene, as well as shop owners who hoarded the same commodities, got the surprise of their lives. They were untouched.

Faced with a deficit of about US$960.3 million, Mr de Mel lighted up the faces of housewives and the people listening outside Parliament with the neatest juggling of figures seen in Colombo for a long time.

He emerged not only with a balanced budget but he even managed to show a minuscule surplus of US$256,000. However, he did mention a matter of US$128 million in Treasury bills which he had to raise during the budget debate.

The Finance Minister had a wizard's wand in one hand and an axe in the other in preparing the development budget. Expenditure in the high-spending ministries was the first to feel Mr de Mel's cutting weapon. He brutally pruned them in the June. For the rest, he had to fall back on new taxes, and domestic and foreign borrowings.

The biggest allocation went to the country's gigantic Mahaweli Development Scheme, estimated at US$258 million. But the scheme took the biggest cutback in expenditure. Although substantial amounts had been allocated for agriculture, housing, health, education, fisheries, etc., allocations were considerably less than proposed. There is no doubt that some of the country's development projects have to be rephased and fresh priorities given.

While public expenditure was running far ahead of revenue, escalating oil prices and other causes of inflation played havoc with the budget estimates. Public expenditure had gobbled up 40 per cent of the country's GNP while revenue formed only 20 per cent. This massive chunk of public expenditure is believed to be one of the highest in the world.

The comparative figures are: India, 13 per cent, Pakistan, 16 per cent, Singapore, 20 per cent, Malaysia, 23 per cent, and South Korea, 19 per cent.

Two categories of people benefited from the 1981 budget: public servants and pensioners and paddy farmers. Public servants and pensioners got a wage hike of US$4 a month, and this cost the government an additional US$45 million.

Public servants do not pay income tax, this is a further incentive to encourage good men to stay on and better quality recruits to join the service. The public service is in sore need of stopping the exodus to the private sector and abroad of highly qualified professionals.

Private sector employees, however, were disappointed and on the whole they consider themselves "stepchildren."

The guaranteed price of paddy, which is really a floor price, was raised from US$2.5 to US$3 per bushel. The paddy farmer has been unable to make a worthwhile profit with production costs going up. Farmers welcomed the higher price. And those who were sharp enough to stock up liquor and cigarettes would have made millions.

Contributions by both employees and employers to the Employees Provident Fur' have been raised. All income tax payers also take a surcharge of 10 per cent on their tax assessments for 1981. Again this means that members of the public services are exempt.

The business turnover tax of local banks (not foreign), manufacturers of cement, ship chandlers and airline caterers (they are raking in money with the boom in tourism) has been increased.

Foreign and local postal rates are going up, as do phone rates. So are bus and railway fares. The Finance Minister has told public sector corporations, which are being asked to go government subsidies, that this will not continue. Public corporations will have to transform themselves into profitable

commercial undertakings.

The new taxes will bring in only US$39 million. Minister de Mel hopes to raise a further US$260 million through domestic borrowings. A balance of US$519 million will have to come from foreign borrowings either on concessionary terms or as outright grants.

In the review of the economy, Mr de Mel referred to the radical changes in financial and economic policy, which dismantled the controls and restrictions of the previous administration. He referred to the growth rate of 8.2 per cnet for 1978 and attributed it to the untrammelling of the economy.

In 1979 the growth rate dropped to 6.2 per cent while mid-year estimates of the Central Bank for 1980 show a growth rate of about 5.6 per cent. From 1970-77, during the period of the previous administration growth rate stagnated around three per cent.

Mr de Mel said that inflation has thrown the development programme out of gear and the outlook for foreign assistance is bleak. But any curtailment of development programmes would mean unemployment. Going ahead without counting the cost would mean more inflation.

In the past growth has been inextricably linked with agriculture. The economy which was heavily dependent on agriculture alone was subject to fluctuations in output and in world prices of agricultural commodities.

But after 1978, the Finance Minister commented that construction emerged as a more vibrant sector and in 1980 it contributed 15 per cent to GNP. The manufacturing sector also showed impressive gains.

But the balance of payments position has worsened with increasing trade of deficits. In the first half of 1980 the deficit was US$488 million. In this period, the cost of imports rose by 41 per cent while export earnings rose by only 13 per cent.

The influx of aid too has been high. During the three-year period ending in 1980, the government has concluded aid agreements to the value of US$1,462 million.

The Finance Minister confessed that the disciplines which he had tried to infuse into the country's fiscal and monetary policies have been seriously undermined by world developments. "The effort has always been," he said, "to mobilise the country's domestic resources to finance its development activities and not depend too heavily on foreign money and inflationary bank finance." — Dep. Ahnews Special

CSO: 4226

FELIX BANDARANAIKE ON TRIAL PROCEEDINGS

Madras THE HINDU in English 20 Jan 81 p 17

[Article by Felix R. D. Bandaranaike: "Commissions, Writs and Politics in Sri Lanka"]

[Text]

NOW that the dust has settled after the expulsion of former Prime Minister Mrs. Sirimavo Bandaranaike from Parliament and her disenfranchisement as well as that of former Minister Felix Bandaranaike, it is an opportune moment to make an assessment of the aims of the Sri Lanka Government in doing what they have done.

Never before have the winners at an election put the losers on trial for their political decisions and actions while in office. The Sri Lanka tradition had always been that politicians were accountable for their political conduct only to Parliament and to the people, and the appropriate punishment or sanction for them being defeat in Parliament, or at the polls. Thus the late S. W. R. D. Bandaranaike far from penalising his defeated foe, Sir John Kotelawala in 1956, actually permitted him to settle abroad with a not inconsiderable transfer of funds.

Likewise Mrs. Bandaranaike after her victory at the 1970 elections did not seek to penalise the Ministers of the former United National Party Government for having taken "Special Leases" of State lands and for having exploited the timber on them.

Of course this does not mean that politicians were above the law — far from it. A politician who breaks the law, was liable to prosecution and punishment before the courts, like anyone else. Indeed, a politician could also be the subject of an investigation by a Commission of Inquiry or a Select Committee of Parliament, with a view to expulsion or disenfranchisement.

But there was this vital difference between what the Sri Lanka Government has now done compared with past instances: no politician in the past was ever dealt with by the courts, by a Commission of Inquiry, or by a Select Committee, except for a known and defined offence, be it murder, cheating, theft or bribery. Mr. A. Amirthalingam, Leader of the Opposition in the Sri Lanka Parliament, who belongs to the Tamil United Liberation Front, expressed it in this way:

> ... the offences that (the Special Presidential Commission of Inquiry) were investigating and on which the Hon. Member for Attanagalla, (Mrs. Sirimavo Bandaranaike), and Mr. Felix R. D. Bandaranaike are found guilty by the Commissioners, were not offences at the time they were supposed to have been committed, and therefore, you are not only violating the very fundamental rights which you have guaranteed under this Constitution, but also violating the Covenant on Human Rights to which you are a party. (Hansard of 16-10-80 Vol. 11, No. 16)

Unlike known and defined offences, terms used in the Special Presidential Commissions of Inquiry Law, such as "abuse of power", "political victimisation", "nepotism" and "corruption", could be made to mean whatever the Commissioners decided they ought to mean. "Corruption", for instance, is a term whose ordinary meaning is known only too well — it refers to dishonest or crooked conduct for gain.

**Definition of 'Corruption'**

Commissions of Inquiry appointed by the present Sri Lanka Government, however, have given unusual meanings to this word. One Commission of Inquiry has solemnly come to the conclusion that the shifting of a stand-pipe from a main road to a tenement garden in the city of Colombo, upon which there was not a trace of any allegation or finding of dishonesty, was none the less an act "savouring of corruption". Mr. A. Amirthalingam put the point in this way:

> ... the Hon. Prime Minister referred to the allegation about Mr. Felix Dias Bandaranaike selling eggs and milk to the Marketing Department — the material on which the Commissioners have held Mr. Bandaranaike guilty of corruption, will not be accepted even

in a Magistrate's Court .... even in a village tribunal .... looking at it as a lawyer who has practised on the criminal side for nearly a quarter of a century .....

"They (the Commissioners) say that entering into a contract with the Government, while being a Member of Parliament is an offence under the Election Law. But, that is not regarded as a corrupt practice, even under the Election Law. A man can be unseated on that, but he is not disqualified on that ..... This Commission suddenly finds what was an illegal practice, for which a Member is only disqualified from Membership, but for which he is not debarred from contesting, a corrupt practice. Where did they find this "corruption"? That is the fundamental mistake these Commissioners have made ....."

Lord Averbury, a Member of Amnesty International and Chairman of the Parliamentary Human Rights Group in the United Kingdom, was quoted by Mr. M. Sivasthamparam, another T.U.L.F. Member of Parliament, as follows:

"The proceedings of the Commission violated the principles of natural justice in that the persons brought before it were accused of committing acts, which had been lawful when they were done .... Offences lacking the certainty essential to the criminal law, were left to be defined retrospectively by the Commission."

### Objections to Procedure

These, however, were not the only objections to the procedures whereby the Government of Sri Lanka disenfranchised their political foes. However much a Government may try to create confidence in a tribunal appointed by it, for the performance of a function that is highly charged with political overtones, the certainty that the Commissioners will act judicially and in accordance with principles of natural justice, can only be ensured, if their actions decisions and procedures, are liable to scrutiny by a Superior Court, either by way of an appeal, or by way of the exercise of a supervisory jurisdiction through the Writs of Prohibition and Certiorari.

When the Special Presidential Commissions of Inquiry Law was being debated, the Opposition expressed these views. Mr. J. R. Jayawardene, who was then the Prime Minister, said he would accept an Opposition proposal to make the Commissions subject to the writ jurisdictions of the Supreme Court, but this was not done.

The Minister of Trade and Shipping, Mr. Athulathmudali, when he engaged in Parliamentary cross-talk with Mr. R. Sampanthan, M.P. for Trincomalee, obviously laboured under the misapprehension that the Special Presidential Commission of Inquiry would be subject to writs of certiorari on the ground of bias. In fact, the Prime Minister, Mr. R. Premadasa as well as Mr. Athulathmudali expressed the view that the failure to challenge Commission findings by writ procedures, implied an acceptance of the Commission findings.

### Opposition Fears Justified

Subsequent events have proved that Opposition fears were more than justified. When Mrs. Bandaranaike applied for and obtained a Writ of Prohibition from the Court of Appeal against the Special Presidential Commission of Inquiry, the Government lost no time in amending the law, so as to declare the Court order in her favour to be "null and void, and of no force or effect in law." When an action for defamation was filed against the Special Counsel drawn from the Working Committee of the United National Party, who was the prosecuting lawyer before the Commission, amending legislation with retrospective effect, was speedily enacted for his protection.

When confronted by applications for Writs of Certiorari, challenging Commission findings on various grounds, including lack of jurisdiction, violations of natural justice, bias and errors of law, the Commissioners have not hesitated to swear affidavits taking objections against the examination of their proceedings and procedures on the ground that they are not amenable to the issue of writs by the Supreme Court. They have also objected to the issue of writs, on the ground that it would be futile for the Supreme Court to do so, once Parliament has chosen to act upon their Commission Reports, even though Parliament had done so subsequent to the writ applications being filed.

What this means, is simply this: that even if a flagrant injustice has been perpetrated by a Commission of Inquiry, the Commissioners can rest on their belief and confidence that they are immune from supervision. This carries with it the obvious danger that Commissioners may well follow procedures and take decisions that amount to a violation of principles of natural justice, simply because they know that whatever they do, cannot effectively be challenged.

### Plea of Immunity

This plea of immunity from the Writ jurisdiction of the Supreme Court has been raised in two cases before the Supreme Court. In the first case a Bench of five Judges has delivered its judgement while in the second case, where Mrs. Bandaranaike and Mr. Felix Bandaranaike are the petitioners, the arguments are concluded, and judgement reserved. (The Supreme Court has now delivered judgement dismissing the appeals upholding the State's stand that the presidential commissions are not subject to writ jurisdiction).

In the concluded case, Justice Samarawickrema who delivered the judgement of the Court, said:—

"As the decisions which I have referred to above make it clear, Commissions....cannot make binding decisions. Accordingly, the view of the Commission that a person may be guilty for example of abuse of power, is not one which by itself, attracts any penalty or consequences. The person concerned is entitled to refute it and to claim that it is of no value....

"It has been alleged by the Petitioners that some of them were not given an opportunity to be heard, that one of them (Mr. Felix Bandaranaike), appeared as a witness for another party, and was never informed that any allegation against him was being considered, before the finding had been made against him....If these allegations be correct, then the findings made are of very little or no value at all.

"But, while the Court has power to interpret the law, the material on which the Legislature acts is not one that can be examined by us, and is

> a matter for the Legislature. What steps the Legislature has taken or should have taken to examine the weight or reliability of any material on which it acts in legislating, is entirely a matter for that body, and not a matter which the Court can go into."

For these reasons the Court, which included in its composition two of the Special Presidential Commissioners, unanimously ruled that Commissions are not amenable to writs, and that it would be futile to issue a writ, once Parliament, rightly or wrongly, chooses to act upon a Commission report. The other case in which the judgement is awaited, two of the three Judges before whom that case was heard, were among the five Judges who delivered the earlier judgement.

In these circumstances, it is hardly surprising that the public in Sri Lanka are becoming more than ever convinced that the imposition of civic disability upon the political foes of the present Government, is politically motivated, and is intended to eliminate from the political scene, those who had held off a resurgence of U.N.P. Government and the re-emergence of **laissez-faire** capitalism, against all threats—and these included the assassination of a Prime Minister, an attempted military and police **coup d'etat**, and an armed insurrection.

Undoubtedly, many capitalist interests had been grievously wounded by the previous Government through the Land Reform Laws, and the prosecution of exchange control traffickers, at whose hands the nation had been despoiled of millions of rupees over the years. These interests were howling for blood, and there can be no question but that it suits the purposes of the present Sri Lanka Government to accede to their demands.

Mr. A. Amirthalingam, the Leader of the Opposition, expressed it even more dramatically when he said:—

> "I and my party have very serious differences with the Sri Lanka Freedom party (of Mrs. Bandaranaike)....I have met various persons who have been shocked by the move to deprive a person who had been the former Prime Minister of this country for 12 years of her civic rights. Of course, during those 12 years she has imprisoned me three times, but, in spite of that, I say....to deprive her of her civic rights and to expel her from the House, is not the way to ensure tranquillity in this country....
>
> "If depriving a man of his head is capital punishment, this is political punishment, this is political murder, this is political killing...."

Mr. Amirthalingam's graphic choice of words, makes it plain that what has happened is simply this: that the victors have decided to eliminate the vanquished. But, there is a grave danger in what is being done, for democracy as it has been practised in Sri Lanka for the last five decades, is on the threshold of being transformed into dictatorial rule, with every constitutional process being changed to secure the continuation in office of the Government elected to power in 1977.

In the end, it may well prove to be a painful process even for the victors, when some day in future, the people will demand and enforce the restoration of democracy and democratic traditions in Sri Lanka, despite the conviction of those at present in the seats of power, that it is their destiny to rule Sri Lanka for ever.

CSO: 4220

## BRIEFS

FRG FINANCIAL COOPERATION AGREEMENT--The foreign minister and the FRG ambassador to Thailand signed an agreement on financial agreement at the Foreign Ministry on 14 January. Under the agreement, the FRG will enable the Thai Government to obtain a loan up to DM40 million from the Development Loan Corporation for three projects: up to DM20 million for the Nam Mun irrigation project; up to DM14 million for electrification of certain villages in north and northeast Thailand; and DM6 million for improvement and expansion of electricity distribution system to replace diesel generator stations upcountry. [BK150459 Bangkok Domestic Service in Thai 0530 GMT 14 Jan 81]

CSO: 4207

END

# END OF FICHE DATE FILMED

3/4/81